the Freeman

Ideas on Liberty

JANUARY 1976

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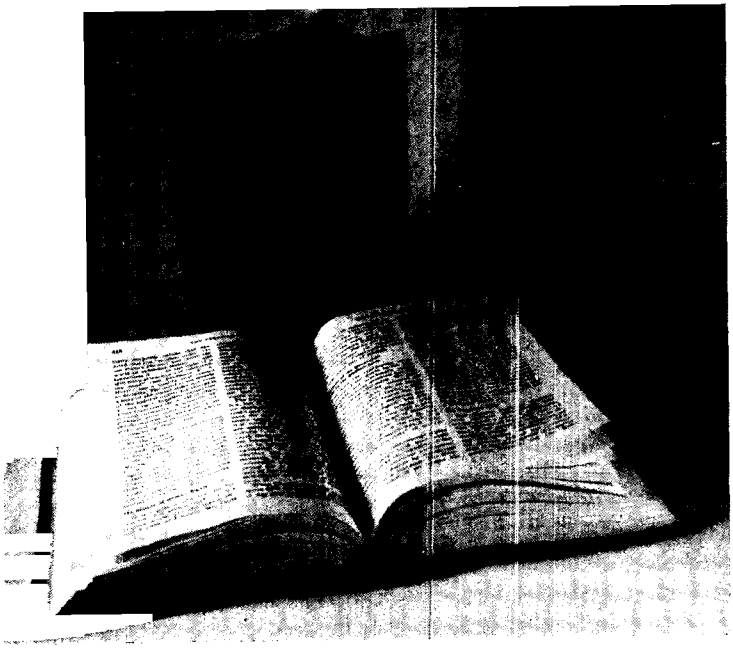

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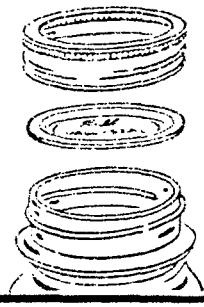
JEAN HOCKMAN



Who Wants to Be Self-Sufficient?

A FEW YEARS AGO at a Foundation for Economic Education seminar, I listened somewhat skeptically to one of Leonard Read's lectures concerning our present degree of dependency on others for the necessities of life. He stated that should the market suddenly cease to deliver the accustomed goods, he would find it difficult if not impossible to provide even his own food.

Well, I thought smugly, *he* might have a problem, but surely my husband and I could manage quite nicely. We live in a rural area and, though we were no longer actively raising our own food, we knew how and could do it again if necessary.

Mrs. Hockman of Tacoma, Washington, is a housewife and free-lance author with a bias toward freedom.

But it wasn't until last spring, spurred by threats of food shortages, the "back to nature" propaganda, and my own blurred memories of tasty home-grown vegetables, that I decided to plant a garden again after a 5-year respite. *Now* I remember why the respite. Planting is the easy part. The rest is a never-ending battle against weeds and bugs and nature's capricious weather conditions.

Of course it has its rewards. The food is good – after you have chased every creepy crawly thing from its hiding place by a thorough washing. Finding a 1-inch cutworm reposing among the broccoli on your dinner plate is not among the rewards. It doesn't matter that he's been thoroughly washed and scalded and no longer crawling, it

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still tends to detract from your appetite.

However, the bugs and weeds turned out to be minor irritations. My garden is modest in size, but I did plant it with the idea of preserving for winter. Most things I planned to freeze. But there are some things I prefer to can. I had hunted up all my jars and rings. All I needed was the canning lids.

I was aware of the shortage of lids last summer and so I began watching the shelves in the grocery store from the time I planted the garden. I intended to stock up so I wouldn't be caught in case another shortage developed. I reasoned, rather logically I thought, that the manufacturers had the whole of the past winter to make lids – certainly the simplest of canning supplies – and soon the shelves would be stocked.

Apparently they spent the whole winter making jars. Cases and cases of jars (complete with lids and rings) appeared in every store. I bought a few, to supplement the jars I already had, and resumed my watch for lids.

As the season wore on I began to grow increasingly frustrated about the whole thing. There were still plenty of jars – but no lids sold separately. I didn't *need* jars, I just needed the silly lids. Furthermore, I wasn't about to buy more jars just to get the lids.

Nobody seemed to know why. Grocers shrugged and back-ordered. There were rumors of stolen lids and black market operations. If I could have found a black market source I would have patronized it promptly and with no misgivings – or so I thought.

As it turned out, I stayed "legit" – more or less. I managed to get lids at two different grocery stores, but not from the shelves. In both cases I had to ask for them and they were produced from under the check-out stand or from a back room, discreetly pre-wrapped in plain brown bags. Even I didn't see them until I was "safely" to the car. And in both cases I *felt* like a smuggler, surreptitiously "getting away" with something. All for the sake of a few dozen tin lids.

The Importance of Trifles

A number of things have "come home" to me as a result of this whole general experience. Leonard Read's comments on interdependency in the market came ringing in like a homing pigeon.

Generally speaking, canning lids are a trifling commodity in the overall scheme of things. Little tin lids with a thin strip of rubber around the edge. Cost – 53¢ a dozen. Just a trifle. They've been around for many years; we're accustomed to seeing them on the

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grocer's shelves and in fact we *expect* to find them there when or if we want them. Yet, this common everyday item assumed monumental importance to me and a good many others this past summer.

Why all the fuss? Because *without* them the home canner is stymied. The general rule of substitution in a situation of market shortage doesn't apply. There *is* no substitute for a new lid with new rubber that will ensure the all-important seal. And the fact is that *I* can't make a canning lid. Hello there, Leonard Read – it took her a while but I think "she's got it."

Self-sufficiency, without some dependence on the general market, is a myth. Even those out there homesteading and doing everything, including grinding their own wheat, must rely on the market – unless they are working with handmade tools and use no machinery, need no parts, tools, fuel, and the like.

It is the "trifles" we tend to take for granted. My simplistic notion of self-sufficiency as being able to grow and preserve my own food was totally unrealistic. The first thing I did, before planting, was to go out and buy seed. My garden was dependent *before the fact* on the expertise of those who produce good, reliable seed.

Self-Analysis

I learned something about human nature too – my own. I was prepared, on principle, to pay more if necessary through a shady or "illegal" dealer in order to get what I needed rather than be coerced by the "legitimate" market into buying something I didn't need. This was a conclusion based only partly on reasoned analysis, for it also involved a basic reaction to being thwarted in meeting my purpose through customary channels. Yet, when I was able to purchase them in the open market but in an under-the-counter manner, I felt sneaky and vaguely dishonest.

This was a new experience for me and a disturbing one. Not the black market, but certainly gray around the edges.

And so I am obliged to revise my previously held notion that the black market is essentially the "free market." It may operate more freely according to supply and demand, but the element of risk and subversion is added to the cost – both in terms of dollars and self-respect.

The free market is the open market – open to competition in both buying and selling. I don't know what's behind the canning lid shortage, or whether it is contrived or real. Since the truth seems to head the list of scarce commodities

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these days, we may never know the specifics.

What we do know is that political manipulation is the root cause of our prolonged economic difficulties. And what we should know is that political manipulation is the practice of manipulating *people.* The more devious and underhanded the political maneuvers become, the more devious and underhanded must we, as individuals, become in order to live "within the system."

Obviously the only truly self-sufficient individual is the hermit who takes to the hills and lives his primitive existence completely out of touch with society.

As for the rest of us, we are not only dependent upon the market, we have a very real stake in it. Let those who wish to go "back to nature" go. But let's think twice before we let them drag us along to the "simple" life they envision.

Getting back to nature for a few days on a camping trip can be most rewarding and relaxing. But getting back to indoor plumbing, the automatic washer and central heating is the real reward.

Having survived a three-day power outage in the wake of a snowstorm last winter, I can testify to the unpleasant rigors of living without the "luxuries of affluence" of which it has been said we are "overburdened." Nonsense. Overburdened is hauling wood from dawn to dark for a hungry fireplace which throws warmth a whole three feet into the living room, leaving the rest of the house – most notably the bathroom – at a temperature slightly above the snowy outdoor level.

I Could Do It – But Why?

Now I've reasoned, as have others, that it's not impossible to generate one's own power system through windmills and the like. But I still can't make a simple canning lid. That one little item brought the whole picture into focus. We could no doubt resort to other methods of preserving food. But that's not the point.

The point is: Why should we? Why give up the benefits of centuries of human knowledge? Why wish for or search for alternate methods of primitive survival? It doesn't make sense.

Does my husband want to spend his life chopping and hauling wood? Do I want to wash clothes in a stream on a rock? And what clothes? Where will they come from? Animal skins and hides, maybe. Or perhaps I should learn to spin and weave.

Needless to say, I've taken the "cure" insofar as my visions of self-sufficiency are concerned. And in the process, I've learned what I should have known all along.

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We always have choices in life. The question of whether capitalism will survive or not is still up in the air. Many of us who recognize the problem are torn between the very sensible inclination to "save" ourselves, and the knowledge that only those who do recognize the problem can offer any real help in solving it. I've discovered that for me it's not an either/or proposition. The one is dependent upon the other, and with that my choice is clear.

I have no desire to live a life of primitive subsistence, so why should I expend my energies in that direction? The things I appreciate and enjoy, and the comforts I have always taken for granted, are to be found in civilization, within society, within the sophisticated trade system so highly developed in America. With this realization, I accept the fact that one can be independent and still be dependent upon others, that self-responsibility does not imply total self-sufficiency.

Whereas we can readily grasp the fact that capitalism offers us independence and freedom of choice, the fact that it also creates greater and greater dependency upon the skills and products of others is not so easily acknowledged. We tend to take it for granted, which is not the same thing as knowing which side your bread is buttered on.

As though to drive the message all the way home, I got yet another lesson midway through the writing of this. At the point where I mention the rule of substitution in the market, my typewriter suddenly stopped short with a dreadful clanking sound from somewhere inside. Investigation revealed that it was beyond my ability to repair. In that one instant it became utterly useless to me.

What does a resourceful individual do when deprived of a needed commodity? One substitutes. I proceeded in longhand – ever mindful, I would add, of the manufacturer of both ball-point pens and the needed paper.

The typewriter went to the repairman, naturally – upon whose expertise I am dependent.

IDEAS ON LIBERTY

Trade

THERE IS NOTHING so useful to man in general, nor so beneficial to particular societies and individuals, as trade. This is the alma mater, at whose plentiful breast all mankind are nourished.

HENRY FIELDING

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JACK LACY

The True Spirt of '76

What has happened to the man who braved uncertainty, went out on his own, and, through native wit, devotion and duty, and singleness of purpose, somehow created business and industrial activity where none existed before?

Where is the heroic figure of American folklore who was akin, perhaps, to Davy Crockett and other truly indigenous epic types—stalwart independents who hewed forests, climbed over the tops of mountains, built new communities, rose from nothing to something, and did all the things American heroes must have done to build a great nation?

He was the enterprising man. Like him or not, he is still fascinating to Americans. The reasons are not hard to find. For one thing, the great fortunes in America were built through entrepreneurial activity. America's social structure is a product of the milling efforts of thousands who came to these shores seeking their fortunes and hoping Lady Luck would beam on them. Those upon whom she smiled became great figures of power and in many cases established family dynasties persisting through many generations.

But there is considerably more than this behind the allure of the entrepreneur. His values and activities have become a part of the character of America and intimately related to our ideas of personal freedom, success, and, above all, individualism. He represented the rags to riches theme in its purest sense, for he rose on his own by building a solid structure beneath him, not by social climbing. He got there by what he knew, not who

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Mr. Lacy is Executive Director of the Junction City-Geary County [Kansas] Economic Development Commission.

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he knew. His resources were all inside, not outside.

The story of this man is a drama in which the protagonist challenged the established order and forged ahead toward the glowing light called "success" using only native wit, ability, and hard work—with perhaps a bit of luck and Calvinistic fate thrown in for good measure. He was successul because he stuck to the simple and obvious American virtues. He built a better mousetrap or provided a better service and he did these things in the best way he knew.

Today there is a connotation of manipulation, greed and avarice, and grasping acquisitiveness associated with doing business for a profit. We are taught that while it is true the entrepreneurial hero built railroads, canals, communities, industries, and great systems of trade, there is also the implication that in the process he befouled nature, sullied valleys, denuded forests, muddied and contaminated the rivers and streams, scarred Mother Earth, and generally ravished the natural order of things. We are told Nature and God's creatures, including ordinary folk, all suffered at the hands of those who sought to impose their will on the natural order.

No one speaks on behalf of the enterprising man. No one says he was more constructive than destructive. No one tells us it is more important to seek opportunity than to languish in security. No one reminds us that each performance of the enterprising man . . . each new business . . . is a renewal of the democratic notion that all men are born equal and that the value of the individual to society does not depend upon family or social class. No longer are we told that America is the only place on earth where a man, through his own efforts, can go out and achieve the status of success.

The deeper traditions of our society, its history, myths and many of its heroic figures are falling into oblivion, buried beneath a plethora of politics that seeks to control, rule, regulate and restrict.

The symbolism expressed in the American image of the enterprising man is a profound reflection on our national history and character. We are a people who for nearly twelve generations went through the recurrent process of imposing man's will and men-conceived structures on a wilderness of primeval forests, rugged mountains, mighty rivers, unending plains, and waterless deserts. Though this resurgent effort at the moving edge of the frontier has long since ended, the spirit and the imagery must live on if free enterprise is to survive. It is the spirit of freedom that is truly the spirit of '76.

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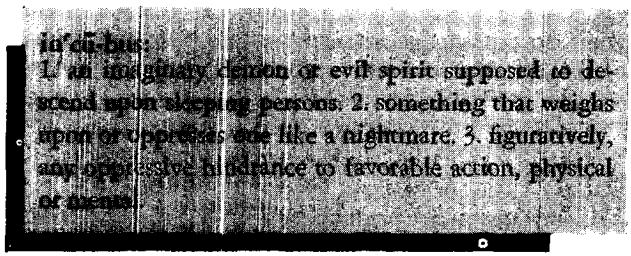
The Bureaucratic Incubus

CLARENCE B. CARSON


in'cu-bus:
1. an imaginary demon or evil spirit supposed to descend upon sleeping persons. 2. something that weighs upon or oppresses one like a nightmare. 3. figuratively, any oppressive hindrance to favorable action, physical or mental.

The bureaucracy is like the weather: everyone talks about it, but nobody does anything about it. Presidents often complain upon taking office that the bureaucracy is so deeply entrenched that they can gain only a tenuous control over the government. Congressmen find that wrestling with bureaucrats for their constituents occupies a considerable portion of their time. Businessmen have to learn to thread their way through a maze of bureaus in order to do business. "Bureaucrat" is an epithet to the general public: he requires a seemingly endless stream of paperwork – "red tape" – is by turn evasive, interminably slow, haughty, arbitrary, autocratic, and is surely an "oppressive hindrance to favorable action." Yet the Federal tribe of bureaucrats increases geometrically, joined by their state and local counterparts.

There is an amazing array and variety of Federal bureaus. They range from the Bureau of Outdoor Recreation to Bureau of Apprenticeship and Training to Office of Intergovernmental Affairs to Center for Disease Control. Just how many such bureaus there are is well-nigh impossible to determine. One reason for this is the variety of names by which they

Dr. Carson has written and taught extensively, specializing in American intellectual history. His most recent book, *The Rebirth of Liberty* (1973), covers the founding of the American Republic from 1760 to 1800.

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are called: commissions, boards, bureaus, offices, divisions, centers, agencies, administrations, departments, and so on. For example, the Department of Commerce has Domestic and International Business Administration, Bureau of Census, Economic Development Administration, Planning Division, Technical Assistance Division, Public Works Division, Business Development Division, Technical Support Division, Equal Opportunity Division, Economic Development Representative, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Office of Audits, and National Weather Service Forecast Office. How many of these would be called bureaus is a matter of classification.

States have their own panoply of institutes, commissions, boards, services, offices, divisions, and so on. For example, the Secretary of State of Georgia oversees such bureaus and agencies as: Administrative Procedure Division, Archives and History Department, Bank and Credit Union Charters, Corporations Division, Professional Examining Boards (Board of Accountancy, Board of Architects Qualifications and Registration of, Board of Dental Examiners and Hygienists, State Board of Examiners of Plumbing Contractors, Real Estate Commission, and so forth), State Board of Registration for Used Motor Vehicle Parts Dealers-Motor Vehicle Dismantlers-Motor Vehicle Rebuilders, among many, many others.

Activities and Rules

Of the myriad activities of these numerous bureaus there is no end. In a recent column on Federal grants, James J. Kilpatrick noted that there are now some 975 assistance programs administered by 52 agencies costing more than fifty billion dollars annually. His description of some of their activities deserves to be quoted:

> Each of the 975 assistance programs, it perhaps goes without saying, has its own rules, regulations, application forms, and miscellaneous requirements. These periodically are promulgated, revised, amended, adopted, further amended, withdrawn, codified, and readvertised in the Federal Register, a paper printed daily in the city of Washington in type designed to put your eyes out. The Register, which includes a vast deal of other stuff, last year ran to 35,000 pages.

On the matter of bureaucratic rulemaking, Representative Elliott H. Levitas of Georgia had these observations, among others, to make in support of a bill he was introducing to Congress:

> Time and time again, the principles embodied in good legislation are lost

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by the time the unelected bureaucratic rulemakers publish their regulations. The rules, which really are laws, are now being ground out at the rate of almost 6,000 per year as compared to about 600 acts of Congress, in the same period.

It is absolutely essential that Congress regain control over this administrative lawmaking process, especially when the violation of these rules – many of which are unreasonable and far beyond, or contrary to, the original purpose of Congress – can result in a citizen's being fined or going to jail just as surely as if he had violated an act of Congress itself.

Hardly a day goes by that the newspapers do not report on the doings and misdoings of the bureaucracy, but what we find there is, of course, only the tip of the iceberg of bureaucratic activity. For example, recently church groups attempting to assist in aiding Vietnamese refugees reported that their efforts were frequently tangled in red tape. One head of a refugee committee said:

> Three months ago we would call one official and he'd tell us one thing, then we'd call the man sitting at the next desk and he'd give us a different answer.

Another report from the same meeting was from a factory owner who wanted to employ 35-40 refugees "but he couldn't get anybody in the government to respond, even though he's been trying for three months."

Stories of the slowness and time-consuming activities of bureaucracies abound. Here is a summary included in an account of efforts by the airlines to reduce bureaucratic regulation:

> Currently, airlines must go through a process that can last years to get a CAB decision before they can raise or lower their fares or begin to serve or stop serving certain airports.

Another horrendous example was reported recently in Atlanta concerning the Metropolitan Area Rapid Transit Authority (MARTA). For four years now, MARTA has been about to embark on the building of a rapid transit system for Atlanta with massive Federal aid. The newspaper reports that MARTA "is about to embark on an $87,500 program to review its 'goals and objectives' and develop a system for monitoring its progress." To all appearances, it would not require a study to monitor progress; none is being made.

Sympathetic Controllers

A common complaint against the bureaucracy is that men appointed to regulate industries really favor the activities of the businesses rather than control them. Here is the report of such a relationship:

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Federal officials responsible for the integrity of American grain shipments have frequently yielded to industry pressures and ordered unjustified upgrading of quality ratings for export shipments, according to government officials.

A pattern . . . of actions by federal aides favoring the industry has emerged from interviews with a number of officials and former officials of the Grain Division of the Agriculture Department.

There should be no doubt, then, that bureaus have gained and hold an ever-expanding sway over our lives. If anyone doubts this he need only to attempt to go into business, go out of business, make a product, render a service, sell something, or engage in some activity regulated by government. Not only is the bureaucracy omnipresent but it is by way of becoming omnipotent in many areas. Americans do indeed appear to be beset by some sort of incubus, an incubus that weighs upon us, oppresses us, and hinders favorable action.

Earlier Criticisms

Criticisms of the bureaucracy are hardly new. More than forty years ago, Herbert Hoover had delineated the pathology of bureaucracies about as thoroughly as needs to be done. He perceived that, once created, bureaucracies tend to become self-perpetuating monstrosities, that they are fertile sources of new programs, that their effect on industry is stultifying, and that they are veritable propaganda machines. In 1934, he said:

Already a host of new government bureaus and nearly two thousand commissions have been established with authority over every trade, and in nearly every town and village. We have witnessed this host of government agents out over the land . . . threatening the people and prosecuting for a new host of crimes.

They were, he said, leading us into "the swamps of serfdom."

The question — the vital question — is what is to be done about this incubus which oppresses the people? Indeed, *can* anything be done about it? My suspicion is that nothing *will* be done about it so long as we focus on bureaucracy as the villain of the piece, or attribute our ills to bureaucrats. Such a focus leads us to think that the solution lies in reforming the bureaucracy. There is no good reason to suppose that we could do this. Herbert Hoover spent a great deal of energy first and last on reforming the bureaucracy by reorganizing the government. He even served on a commission under President Truman with that object in view. Yet, after all his words, all his studies, and all his

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efforts, the bureaucracy was as deeply entrenched as ever, and there are none to testify to the positive results of his or anybody else's efforts to reform the bureaucracy.

Possibly, a particular bureaucrat could be reformed along the lines sought by industrious effort, much as a dog can be trained to stand on his hind feet. A bureaucrat might be trained to be swift, decisive, responsible, judicious, sparing of paperwork, kindly, and fair. But there is no more reason to suppose that he would be emulated throughout the service than that dogs in general would take to their hind feet once one of them had been taught to do so. Dogs stand on all four feet because it is their nature to do so; bureaucrats behave as they do because of the nature of the function they perform.

Ills Stem from Nature of Job

The ills that we so often attribute to bureaus, bureaucrats, and bureaucracies do not arise from them. After all, a bureau is only an organization patterned after any other by which men would act in concert to realize some common purpose. Any business, church, charity, or school is apt to be organized along similar lines. A bureaucrat is only a man, pretty much the same as the rest of us. If you cut him, he will bleed. He may be goodnatured or crabbed, hard-working or a dawdler, a faithful husband or a philanderer, a churchgoer or an agnostic, a clock-watcher or absorbed by his work.

The ills that we attribute to bureaucracies really arise from the functions which some bureaus perform. Not all government agencies are castigated as bureaucracies, nor all government workers as bureaucrats. The species bureaucrat does not include nearly all of those who belong to the genus government employee. A soldier is not a bureaucrat, nor a postal carrier, nor a teacher, nor a judge, nor a policeman, nor even a member of Congress. Even some agencies that are called bureaus do not belong to the bureaucracy. For example, the Federal Bureau of Investigation (FBI) is not a part of the bureaucracy. Whether a government agency belongs to the bureaucracy or not can be determined by the function it performs. Those agencies whose function is primarily regulatory make up the bureaucracy; those who perform a service to the consumer or protect life, liberty, and property do not.

For example, the Postal Service is not of the bureaucracy because it picks up and delivers mail, thereby serving consumers. (This

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is not an argument for government mail delivery, or provision of any other such service; there are good and sufficient reasons why government should not offer what are basically peaceful services, but they have little or nothing to do with bureaucracy.) By contrast, the Interstate Commerce Commission (ICC) does not serve consumers by running trains or trucks; its function is regulatory, and it is bureaucratic. Armies, courts, and police protect life, liberty, and property; they are not of the bureaucracy. The Federal Communications Commission is regulatory and bureaucratic.

Of course, regulatory agencies claim to protect life and property and would probably justify most of their activities on that ground. Whether they generally protect life and property is a good question (if, under the guise of protecting property, they take away some of the rights of property, they are not protecting but invading it). Whether they are "necessary and proper" to the protection of life and property is an even better question. But however these questions might be answered in a particular case or in general, the fact remains that regulatory agencies are bureaucracies by the manner of the performance of their function.

They do not, themselves, perform a service to the consumer or protect his life or property; they regulate others who are charged with performing the tasks involved. For example, the ICC does not erect safety signals at railroad crossings; the railroads usually do this, though they may have done so in a particular instance at the behest of the ICC. It is this regulatory character, this authority over those who do without responsibility for doing it, this remove from the actual work that makes them bureaucracies, that makes them behave in just those ways that are castigated, and that makes them resistant to all efforts at reform. It is the nature of regulatory agencies to be the way they are.

Inevitable Red Tape

Let us review some of the charges against the bureaucracy and show by way of illustration that the conditions complained of follow from the nature of the activity.

The most common complaint about bureaucracies is the red tape — paperwork — entailed in dealing with them. Anyone seeking the approval of a bureau for some project must submit great quantities of paperwork in support of his application. A regulated business must not only submit all this paperwork in support of the original

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application but must supplement it periodically with reports, affidavits, depositions, notarized statements, and other assorted proofs of compliance. How could it be otherwise? The only visible product of regulatory agencies is the paperwork they produce and require from others. If the regulatory bureaucracy be conceived of as an industry, then each bureau is a paperwork factory. Everything the bureaucracy actually does is recorded on paper or by some other device.

What bureaucracies do is issue rules, hold hearings, have meetings, send out blank forms which are returned completed, send out inspectors, and so on. Rules must be in writing, hearings recorded, minutes kept of meetings, applications submitted on paper, documents of verbal decisions reduced to writing, accounts kept, and so on, ad infinitum. Of course, any activity today is apt to be accompanied by considerable paperwork; the point about bureaucracies is that paperwork is what they produce and collect. In theory, they provide protection, but they do not do the actual work of providing it. The Occupational Safety and Health Administration (OSHA) does not actually take safety and health measures within a plant; it requires the employer to do so.

But could the amount of paperwork not be reduced? If it could be done, it could only be done by reducing the productivity of the bureaucracy. The only certain measure of the productivity of a bureau is the quantity of paperwork it produces. To cut back is to reduce its function. A dog can be taught to stand on its hind legs, but it cannot catch rabbits in that position. A bureau could be made to cut back on its paperwork, but insofar as it did so it would be reducing the extent of its regulation. There is no end to what needs to be reported in order to assure the effectiveness of regulation. The whole fabric connecting the regulator with the regulated is paperwork. One might as well expect printers to print without using paper as expect bureaucracies to regulate without voluminous paperwork.

No Way to Measure Efficiency

The charge that bureaucracies are self-perpetuating and expansive is true enough but somewhat off the mark. The bureaucrat is no more nor less interested in keeping his job than anyone else. Any department head usually has various incentives for increasing the number of workers under him. The distinctive thing about regulatory agencies is that there is no handy way to measure the productivity

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of bureaucrats. The paperwork done and required can be measured, of course. But Congress is unlikely to find an argument for hiring more bureaucrats to produce more paperwork very persuasive.

The only other thing bureaucracies do is to provide protection, and the method is by prevention. Now there is no way to tot up the amount of something that did not happen. The Federal Aviation Agency cannot list the number of airplanes that did not crash. The Food and Drug Administration cannot count the number of people not poisoned by foods and drugs they did not allow to be marketed. The problem of cost accounting the work of regulatory bureaucracies is further aggravated by the fact that the actual work of prevention is not even done by them. How many accidents would have been prevented by the employer's safety measures if there had been no Occupational Safety and Health Administration? Or, to open the whole matter up, how many injuries that did occur would have been prevented if the employer had assumed full responsibility for determining how safe his plant was rather than relying on the favorable report of a government safety inspector? There is no way of knowing, then, how many bureaucrats there ought to be, so the bureaucracy can continue to expand its numbers by scare tactics.

Indecisive and Slow

Bureaucracies are indecisive and slow, and they are often arbitrary and capricious. These two charges should be considered together, for they are like two sides of a single coin. The troublesome fact is that they can only become swift and decisive by becoming more arbitrary and capricious, or they can only become less arbitrary, if that is possible, by taking more time. The reason for this bind in which they are caught is not far to seek. Bureaucracies are called upon or take on the making of decisions which would have made Solomon in all his wisdom flee his throne.

The CAB may take years to decide about authorizing a new flight because, to avoid the appearance of arbitrariness, just about everything imaginable and all those involved need to be taken into consideration. Studies must be made, hearings held, documents assembled, and painful decisions reached. What will be the impact on competing airlines if a new flight between two cities is authorized? What will be the effect on the air traffic patterns? Is the airline seeking to introduce the flight financially sound? Does the traffic between the cities warrant a new

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flight? Do the airports have the ground facilities to accommodate the additional airplanes and passengers? There is no end to the questions that ought to be answered before a decision is reached. But even a bureau must eventually make a decision, and it will have to be to some extent arbitrary.

Regulatory bureaus are irresponsible in their behavior. This is not because they do not attend to their tasks or perform them faithfully. It is rather that as regulatory bodies they are not responsible for making the products they inspect or providing the services they oversee. They are not responsible at law or in fact. Whatever ills may result from their policies, they cannot be held responsible for them. They do not make the moneys that they spend – these come from taxpayers – nor do they pay for the time and effort that men spend in complying with their requirements. In short, bureaucracies are irresponsible by nature.

Regulatory agencies impinge upon and reduce the liberties of those whom they regulate. Could they not be reformed so as to prevent this? It is difficult to see how this could be accomplished. Every regulation proceeding from a bureau to anyone else in society involves a reduction of freedom of action of those to whom it applies. Since no regulation can be conceived that would not reduce freedom of action, it goes without saying that regulatory bureaucracies are an assault upon liberty.

Hope for Reform

America is afflicted by an incubus, by a deep-seated and oppressive hindrance to favorable action. Is it a bureaucratic incubus? Yes, but only if we stick carefully to the original or first meaning of the word. An incubus, the dictionary says, is "an imaginary demon or evil spirit supposed to descend upon sleeping persons." That is a most apt description of the prevailing attitude toward bureaus, bureaucrats, and bureaucracies. We stand back and hurl imprecations at them, treating them as if they were the source of evils which beset us. Moreover, we are made impotent by our belief that we can somehow reform them.

But bureaucracies are *imaginary* demons; the real ills we face come from a deeper source. They come from our determination to have and commitment to *government regulation of the economy*. Bureaucracies are instruments in this regulation, instruments which are as they are because they are assigned the task of regulation. The bureaucratic incubus can be exorcised only by removing the

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regulations. To be free of the incubus we must free ourselves of the regulation. Bureaucracies cannot be substantially reformed, but they can be abolished, which is what will happen when their regulatory function is taken away.

But, do we not need the protective functions provided for us by the regulatory agencies? To put it more directly, do we not need protection from maltreatment by those who provide us with goods and services? Furthermore, is it not a proper function of government to police these and set a framework within which they may operate? These are good questions, but they are questions which can only receive the most general kind of answer here. It has been the burden of this article to show that bureaucracies are as they are because of the regulatory functions assigned them, to show that they are paperwork factories, self-perpetuating and expansive, beyond fiscal accounting, painstakingly slow and indecisive, irresponsible, and destructive of liberty. It would take much more space to show how ineffective they are in performing their protective functions. Only a few observations may be offered.

Three Possible Courses of Action; All Wrong

In general, regulatory bodies take three sorts of action. Either they permit what should be prohibited, or prohibit what should be permitted, or permit what men should be permitted to do without any special authorization. A single example may illustrate all three of these actions. Suppose that the Interstate Commerce Commission authorizes one trucking company, and only one, to haul freight between two cities. By so doing, it establishes a monopoly which it would have better prohibited. Secondly, it prohibits all other carriers to haul freight to and from these cities when they should be permitted to do so. Thirdly, it permits a company to operate in ways it should be able to do without permission. Most formal actions of regulatory bodies fall into one or more of these three categories. In short, regulatory bodies tend to be either useless or harmful.

Men do indeed need protection from fraud, deceit, failure to perform on contracts, poisons, tainted food, shoddy merchandise, and assorted wrongs which may be done to them in the market. There are three time-tested ways to get this protection which do not require regulatory bureaucracies. They are: positive law, competition, and caveat emptor (let the buyer beware).

If there is some substantive ill from which men need protection by government, it should be pro-

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hibited by law, with criminal penalties provided for convicted violators. As for most of the matters with which regulatory bodies deal, the best solution is competition. In the final analysis, however, there is no substitute for the wariness of the buyer. Regulatory bodies have not and cannot relieve us of the necessity for exercising care in all our transactions. We must reward those who serve us well, refuse our custom to those who do not, and use whatever sanctions that are available to us against those who do not live up to their agreements. If we value our safety and health, we must keep a sharp lookout for potential dangers to them.

There is a choice to be made, I have been saying. We can be rid of the bureaucracies by removing the regulatory function. Or, we can persist in having the regulation with the understanding that to do so entails all that we deplore in bureaucratic behavior. There is no indication that the bureaucracy can be reformed. There is much reason to believe, however, that the advantages that are supposed to follow from regulation are illusory but that the disadvantages are very real and follow from the method used. The bureaucracy can be dispensed with. To do so would be to remove the "oppressive hindrance to favorable action."

IDEAS ON LIBERTY

Regulation of American Business

WHAT WE'RE DOING is applying pointless regulatory brakes to business in many important ways when we should be trying to step on the gas. We are surrounded by seemingly numberless regulations of debatable need, uncertain effect, and arbitrary origin. As for the element of public consent to this process, the public hardly comprehends what is taking place.

Here, perhaps, lies the greatest danger – the danger that individual initiative will become swamped by government edict before enough people awake to the threat.

In the words of John Stuart Mill, "A state which dwarfs its men, in order that they may be more docile instruments in its hands – even for beneficial purposes – will find that with small men no great thing can really be accomplished."

JOHN E. SWEARINGEN, *from an address, February 28, 1962*

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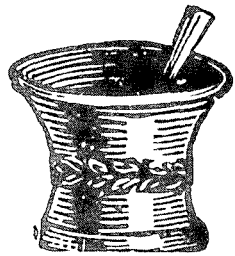
The Classical Medicine



JOHN A. DAVENPORT

IT IS A FACT of experience, no less than a law of optics, that in perceiving an object everything depends on the angle of vision. For over a quarter century now under the influence of the late John Maynard Keynes, most economists have been looking at the phenomena of employment and unemployment from the angle or point of view of overall demand for goods and services, and have been emphasizing that where resources are unemployed the cure lies in pumping up demand by easy credit, monetary manipulation, and government spending.

Yet the net result of this kind of analysis and this kind of prescription has now proven to be, to say the least, disappointing. Emphasis on so-called "aggregate demand" has not resulted in that condition of full or at least high employment promised by the Employment Act of 1946. It has produced virulent world-wide inflation, and in 1974-75 the worst of all worlds: – a high rate of inflation *with* unemployment, or stagflation, which the Ford Administration is now trying to cure by enormous Federal deficits of the kind which got us into trouble in the first place. In view of the record and the current disarray of the neo-Keynesians, it is time for a change – a change in our angle of vision.

In this context the most important economist writing today is assuredly not Walter Heller, the Louis XIV of so-called "fiscal stimulus" (and *après moi le déluge*), nor even the redoubtable Milton

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Friedman, the acknowledged dean of free enterprisers. He is rather a spry seventy-four-year-old Englishman by the name of William H. Hutt, now visiting professor at the University of Dallas and before that dean of the business school of the University of Capetown, who recently brought out a little-noticed book titled *A Rehabilitation of Say's Law* (Ohio University Press, Athens, Ohio 45701; 150 pages, $8.00).

Its bare-boned thesis is that the early French economist, Jean Baptiste Say, was on the right track when he held that it is the supply of goods and services which in effect constitutes demand for goods and services. (It is the shoes which the shoemaker makes which gives him buying power for wheat in the form of bread which the farmer produces.) It follows from this proposition, known as Say's Law of Markets, that if economic activity slackens it is probably not due to lack of monetary stimulus but to the fact that producers, be they businessmen or workers, have *mispriced* their products. The remedy is not wild efforts to pump up demand by government deficit spending, but to restore flexibility in the whole cost-price-profit structure.

Hutt came to this position as early as 1930 when he brought out his little classic, *The Theory of Collective Bargaining*, which warned that the great danger of this growing practice was that union pressures would price many workers out of the market entirely into wholly unnecessary unemployment. He has since enlarged on this theme in such scholarly works as *Keynesianism: Retrospect and Prospect* (1963) and in his monumental *Strike Threat System* (1973) which held that the coercive strike is in effect a form of social warfare and that the golden rule of labor relations should be simply that any man can go to work at any wage he chooses, no matter how low, as long as he feels the job offered will better his condition.

But Hutt is much more than a critic of present union practices, and his latest book on Say's Law shows it. It is, to borrow a phrase from the late Justice Holmes, a further gallop or canter of a determined fighter for common sense in our economic thinking, as against the Keynesian orthodoxy which now holds so many of our economists and politicians in thrall.

Keynesian Ideas

That orthodoxy, it should be recalled, stems from Keynes' contention that while production may well create its own demand in a primitive or barter economy, where goods are exchanged for

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goods, this nexus does not hold in a complex modern money economy where goods and work are sold and bought for cash or credit. In such an economy, Keynes argued, earners of income may choose to squirrel it away in idle savings or cash balances instead of spending it on consumption or investment goods, thus breaking the normal flow of production and distribution. From this initial attack on Say's Law of Markets, Keynes reared his imposing edifice of over-saving, under-investment, and the need for government spending to fill the gap.

Quite aside from its dubious results, this whole line of Keynesian reasoning today looks pretty shopworn. For what with government taxes and rampant inflation, it is hard to find a man in our society who saves much of anything in any meaningful sense of the word; and meanwhile the world's obvious need is for more private capital formation, not less.

But Hutt does not rely on such historical and empirical evidence to turn economics right side up again. The mistake of Keynes and the neo-Keynesians is their overstress on the importance of money in final economic activity. "Money," he writes, "is as incidental (and as important) as cash registers and cashiers in the demanding and supplying process." We need good cash registers and honest cashiers but they will never make a successful business.

Before men decide whether to spend, save or invest their money they must earn it, and earnings (and jobs) are dependent on supplying goods and services which other people want at prices and wages they can afford. It is the free flow of production and supply which is critical for maintaining and increasing effective demand.

Government's Limited Role

Abstract as all this may sound, it nevertheless has enormous consequences for public policy. Governments, of course, have a duty to help provide the public with a reliable medium of exchange (and hopefully a store of value). But they fatally compromise this duty if, following Keynes, they come to believe that they can usher in permanent prosperity by manipulating the money supply to "cover up" distortions in cost-price relationships. "A forger," writes Hutt, "does not contribute to the source of demands." The "classic" function of government, on his view, is something quite different. It is to prevent pressure groups, be they business or labor, from building monopolies that will prevent prices and wages from "clearing the market."

In the U.S. this means unravel-

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ing a whole skein of labor legislation which positively encourages unions to force wages above where the market would put them, thus causing the very unemployment which government officials say they want to cure. It also means cutting down on over-generous unemployment and relief payments which make it more profitable for men and women to rely on government largess than to seek job opportunities.

A harsh doctrine? No doubt. But is it any harsher than the position in which we now find ourselves wherein the productive sector of the economy is increasingly taxed through inflation and the I.R.S. to support a growing pool of potentially productive citizens, many of whom now live in idleness and penury?

Hutt thinks not. The Keynesian revolution, he writes, was distinguished by its "political acceptability." Therein, of course, lies its danger. By contrast, classical economics, of which Say's Law of Markets is but one expression, never promised an easy way out. Its overriding objective, however, was in Adam Smith's phrase to provide "a plentiful subsistence for the people." That, too, is Hutt's objective, and in a world plagued by oil cartels, high prices, and unemployment, the "classical medicine" would seem to be precisely what is called for.

IDEAS ON LIBERTY

The Mainspring of Human Progress

EVERY LIVING THING must struggle for existence, and human beings are no exception. Men and women survive on this Earth only because their energies constantly convert other forms of energy to satisfy human needs, and constantly attack the non-human energies that are dangerous to human existence. But – only an individual human being can generate human energy. And – only an individual human being can control the energy he generates. The failure to understand these two simple and basic truths has, for over 6,000 years, stagnated human progress and kept the vast majority of people underfed, poorly clothed, embroiled in wars, and dying from famine and pestilence.

HENRY GRADY WEAVER

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DEMOCRACY in AMERICA-

A Challenge to Free Men

ROBERT G. BEARCE

I passionately love liberty, legality, the respect for rights, but not democracy . . . liberty is my foremost passion.
Alexis de Tocqueville

AS THE UNITED STATES approaches its Bicentennial date of July 4, 1976, attention is focused upon the meaning of the War for Independence and the *Declaration of Independence*. The Bicentennial period should be a time when we re-examine the ideals upon which the United States was founded. Hopefully, we will gain a renewed appreciation for the political, economic, moral, and spiritual foundations of freedom.

We can better understand our heritage of freedom by considering what a Frenchman wrote about America during the first half of the 19th century. Often we can obtain an accurate view of ourselves by listening to what others say about us. In the case of Alexis de Tocqueville, a foreign observer has given Americans a perceptive, prophetic analysis of freedom. First published in 1835 and 1840, Tocqueville's *Democracy in America* speaks today with a message that places our Bicentennial into sober perspective.

America's 200th Anniversary is now being heralded with enthusiastic references to "democracy," "equality," and "liberty." Tocqueville had much to say about these ideals – ideals which have been distorted, corrupted, and debased by modern political writers. When Alexis de Tocqueville journeyed to the United States in 1831, he had

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an official commission from the French government to study the prison system in America.

His nine-month visit, however, was devoted to more than our prisons. Tocqueville was a keen observer. Traveling through the young nation, he had the opportunity to view free men and women working freely in a free society. As he wrote *Democracy in America*, he grasped the true nature of freedom. He clearly understood the meaning of "life, liberty, and the pursuit of happiness" mentioned in the *Declaration of Independence.*

For Order Under Law

"The Revolution of the United States," wrote Tocqueville, "was the result of a mature and reflecting preference of freedom, and not of a vague or ill-defined craving for independence. It contracted no alliance with the turbulent passions of anarchy; but its course was marked, on the contrary, by a love of order and law." (p. 62)[1]

Although he used the word "revolution" to describe the American War for Independence, Tocqueville recognized that the Thirteen Colonies had thoughtfully weighed their defiance of the British Crown. Men like Jefferson and Adams were not hot-headed demagogues shouting for the destruction of existing political and economic institutions. The patriots had been guided by a respect for traditional freedoms. The exercise of those freedoms had been in the process for some 150 years:

"The English who emigrated . . . to found a democratic commonwealth on the shores of the New World had all learned to take a part in public affairs in their mother country; they were conversant with trial by jury; they were accustomed to liberty of speech and of the press, – to personal freedom, to the notion of rights and the practice of asserting them. They carried with them to America these free institutions and manly customs, and these institutions preserved them against the encroachments of the state." (p. 296)

When Tocqueville spoke about the "encroachments of the state," he also pointed to the object of those encroachments – the free individual. The War for Independence was fought to preserve the right of men and women to order their own lives. America was a land where individuals rejected the lure of government benevolence:

"The citizen of the United States is taught from infancy to rely up-

[1] This and subsequent page references are from Tocqueville's *Democracy in America*, Mentor Book edition, edited by Richard D. Heffner (New York: The New American Library, 1956).

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on his own exertions, in order to resist the evils and the difficulties of life; he looks upon the social authority with an eye of mistrust and anxiety, and he claims its assistance only when he is unable to do without it." (p. 95)

The early Americans were a tough breed. Along with personal freedom they accepted accountability and responsibility for their lives. Tocqueville vividly describes the character of free men who made the most of their individual liberties:

"In the United States, as soon as a man has acquired some education and pecuniary resources, he either endeavors to get rich by commerce or industry, or he buys land in the bush and turns pioneer. All that he asks of the state is, not to be disturbed in his toil, and to be secure of his earnings." (p. 261)

The Voluntary Way

Individual initiative! Capitalism! Personal freedom! Private property! Individual responsibility! The free market! These were the principles and practices Tocqueville saw in America. He further describes the superiority of individual endeavor as opposed to governmental action:

"When a private individual meditates an undertaking, however directly connected it may be with the welfare of society, he never thinks of soliciting the co-operation of the government; but he publishes his plan, offers to execute it, courts the assistance of other individuals, and struggles manfully against all obstacles. Undoubtedly he is often less successful than the state might have been in his position; but in the end, the sum of these private undertakings far exceeds all that the government could have done." (p. 70)

Voluntary action and personal endeavor – and thus vibrant competition – laid the foundation for America's prosperity. Government was not the benevolent bricklayer, handing out "free" bricks to the citizenry with instructions on how to work. No, the early Americans managed their own livelihood without governmental interference. They believed in "rugged individualism," but they also knew the meaning of cooperation – "cooperation" not coerced by government.

"The most natural privilege of man," Tocqueville wrote, "next to the right of acting for himself, is that of combining his exertions with those of his fellow-creatures, and of acting in common with them. The right of association therefore appears to me almost as inalienable in its nature as the right of personal liberty. No legislator can attack it without impairing the foundations of society." (p. 98)

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If the legislator and governmental bureaucrat mind their proper business, free men will cooperate voluntarily in the release of vast amounts of energy and creativity:

"Americans of all ages, all conditions, and all dispositions, constantly form associations. They have not only commercial and manufacturing companies, in which all take part, but associations of a thousand other kinds, – religious, moral, serious, futile, general or restricted, enormous or diminutive. The Americans make associations to give entertainments, to found seminaries, to build inns, to construct churches, to diffuse books, to send missionaries to the antipodes; they found in this manner hospitals, prisons, and schools." (p. 198)

Forced Redistribution for Economic Stability

Today we are harassed by the socio-economic philosopher, the politician, and the statist. These men have no faith in the natural progress generated by free association and cooperative effort. They insist that economic stability is a matter of forcibly redistributing the wealth. If the farmer has a tough time with one kind of failure or another, then grant him a subsidy. If a portion of the citizenry is judged "underprivileged" or "disadvantaged," bless it with special govermental handouts. Extended to its extreme, such governmental paternalism becomes an authoritarian system of confiscation – taking from the producers and bestowing favors upon the non-producers of society.

"But it would be a simpler and less dangerous remedy," advised Tocqueville, "to grant no privilege to any, giving to all equal cultivation and equal independence, and leaving every one to determine his own position. Natural inequality will soon make way for itself, and wealth will spontaneously pass into the hands of the most capable." (p. 161)

In *Democracy in America,* Tocqueville speaks of a "depraved taste for equality, which impels the weak to attempt to lower the powerful to their own level, and reduces men to prefer equality in slavery to inequality with freedom." Tocqueville knew that there was a difference between the "equality" proclaimed by the *Declaration of Independence* and that of the bloody French Revolution of 1789. One led to human dignity. The other degraded man. The *Declaration* stated that "all men are created equal" – equal in their right to personal freedom and independence. The French Revolution erected a despotic Terror under the slogan: "Liberty! Equality! Fraternity!"

Tocqueville saw the grim kin-

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ship between tyranny and "equality":

"I believe that it is easier to establish an absolute and despotic government amongst a people in which the conditions of society are equal, than amongst any other; and I think that, if such a government were once established amongst such a people, it would not only oppress men, but would eventually strip each of them of several of the highest qualities of humanity. Despotism, therefore, appears to me peculiarly to be dreaded in democratic times." (p. 306)

Dangerous Equality

We are living today in "democratic times." Should not the ideals of "democracy" and "equality" be cherished, rather than feared? Consider what happens when the notion of equality begins to replace a devotion to individual freedom:

"As the conditions of men become equal amongst a people, individuals seem of less, and society of greater importance; or rather, every citizen, being assimilated to all the rest, is lost in the crowd, and nothing stands conspicuous but the great and imposing image of the people at large. This naturally gives the men of democratic periods a lofty opinion of the privileges of society, and a very humble notion of the rights of individuals; they are ready to admit that the interests of the former are everything, and those of the latter nothing.

"They are willing to acknowledge that the power which represents the community has far more information and wisdom than any of the members of that community; and that it is the duty, as well as the right, of that power, to guide as well as govern each private citizen." (p. 291)

What is that "power which represents the community"? It lies in government — whether it be local, state, or federal. Held within justified limits, a government can defend freedom by organizing national defense and by punishing domestic acts of fraud, coercion, malpractice, and crime. Beyond those responsibilities, governmental authority paves the way towards regimentation and oppression.

"I think, then," warned Tocqueville, "that the species of oppression by which democratic nations are menaced is unlike anything which ever before existed in the world: our contemporaries will find no prototype of it in their memories. I seek in vain for an expression which will accurately convey the whole of the idea I have formed of it; the old words despotism and tyranny are inappropriate: the thing itself is new, and since I cannot name, I must define it." (pp. 302-3)

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His definition is ominous. He describes the gradual and subtle regimentation now threatening a citizenry indifferent to freedom:

"Above this race of men stands an immense and tutelary power, which takes upon itself alone to secure their gratifications, and to watch over their fate. That power is absolute, minute, regular, provident, and mild. It would be like the authority of a parent, if, like that authority, its object was to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood: It is well content that the people should rejoice, provided they think of nothing but rejoicing.

"For their happiness such a government willingly labors, but it chooses to be the sole agent and the only arbiter of that happiness; it provides for their security, foresees and supplies their necessities, facilitates their pleasures, manages their principal concerns, directs their industry, regulates the descent of property, and subdivides their inheritances: what remains, but to spare them all the care of thinking and all the trouble of living?" (p. 303)

Insight and Foresight

Recall that *Democracy in America* was written in the first half of the 19th century. Tocqueville, though, had both insight and foresight. He understood ageless truths which affect human action – past, present, future. Unrestrained governmental power leads to human degradation.

"Thus," continues Tocqueville, "it every day renders the exercise of the free agency of man less useful and less frequent; it circumscribes the will within a narrower range and gradually robs a man of all the uses of himself. The principle of equality has prepared men for these things; it has predisposed men to endure them, and oftentimes to look on them as benefits.

"After having thus successively taken each member of the community in its powerful grasp, and fashioned him at will, the supreme power then extends its arm over the whole community. It covers the surface of society with a network of small complicated rules, minute and uniform, through which the most original minds and the most energetic characters cannot penetrate, to rise above the crowd.

"The will of man is not shattered, but softened, bent, and guided; men are seldom forced by it to act, but they are constantly restrained from acting: such a power does not destroy, but it prevents existence; it does not tyrannize, but it compresses, enervates, extinguishes, and stupefies a people, till each nation is reduced to be nothing bet-

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ter than a flock of timid and industrious animals, of which the government is the shepherd.

"I have always thought that servitude of the regular, quiet and gentle kind which I have just described might be combined more easily than is commonly believed with some of the outward forms of freedom, and that it might even establish itself under the wing of the sovereignty of the people." (pp. 303-4)

The word "sovereignty" has an honest, sturdy ring to it. Regrettably, "We, the People" has been corrupted. There is a misguided belief that the citizenry as a whole is supreme. The current trend is to emphasize "society" – not the individual – as being of ultimate importance. When individual freedoms and rights are thus belittled, authoritarian rule gains more ground:

"But it happens that, at the same period and amongst the same nations in which men conceive a natural contempt for the rights of private persons, the rights of society at large are naturally extended and consolidated: in other words, men become less attached to private rights just when it is most necessary to retain and defend what little remains of them.

"It is therefore most especially in the present democratic times that the true friends of the liberty and the greatness of man ought constantly to be on the alert, to prevent the power of government from lightly sacrificing the private rights of individuals to the general execution of its designs. At such times, no citizen is so obscure that it is not very dangerous to allow him to be oppressed; no private rights are so unimportant that they can be surrendered with impunity to the caprices of a government." (pp. 310-11)

Spirit of Negligence

Yet, as government continues to undermine personal freedom, individuals live complacently under the delusion that they are still blessed with liberty. The patriots of 1776 clearly recognized that their traditional freedoms were threatened by the British Crown. The spirit of 'Seventy-Six was the spirit of vigilance. The spirit of today is that of negligence. In *Democracy in America*, we see how there is an ever-present tendency for men to seek security and safety at the expense of freedom:

"Our contemporaries are constantly excited by two conflicting passions; they want to be led, and they wish to remain free: as they cannot destroy either the one or the other of these contrary propensities, they strive to satisfy them both at once. They devise a sole, tutelary, and all powerful form

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of government, but elected by the people. They combine the principle of centralization and that of popular sovereignty; this gives them a respite: they console themselves for being in tutelage by the reflection that they have chosen their own guardians. Every man allows himself to be put in leading-strings, because he sees that it is not a person or a class of persons but the people at large, who hold the end of his chain.

"A great many persons at the present day are quite contented with this sort of compromise between administrative despotism and the sovereignty of the people; and they think they have done enough for the protection of individual freedom when they have surrendered it to the power of the nation at large. This does not satisfy me: the nature of him I am to obey signifies less to me than the fact of extorted obedience." (p. 304)

Trust and Obey

Obedience! Laws are passed, and they are meant to be obeyed. Month by month Congress passes its legislative acts, erecting new bureaucracies . . . interfering further with individual lives . . . imposing new restrictions upon the release of creative human energy. The EPA, CPSC, FEA, ICC, and so forth proclaim: "We are the arms of Government. Trust and obey!"

Tocqueville would have nothing to do with such blind faith in unlimited governmental power and authority:

"Unlimited power is in itself a bad and dangerous thing. Human beings are not competent to exercise it with discretion. God alone can be omnipotent, because his wisdom and his justice are always equal to his power. There is no power on earth so worthy of honor in itself, or clothed with rights so sacred, that I would admit its uncontrolled and all-predominant authority. When I see that the right and the means of absolute command are conferred on any power whatever, be it called a people or a king, an aristocracy or a democracy, a monarchy or a republic, I say there is the germ of tyranny, and I seek to live elsewhere, under other laws." (p. 115)

The insights and prophetic observations of Alexis de Tocqueville stand between us and the American War for Independence. Looking to the past, he wrote about our heritage of freedom. Looking to the future, he now warns us to protect that freedoms—the freedom to enjoy the fruits of our labors . . . the freedom to release our creative energies . . . the freedom to accept full responsibility for our own lives.

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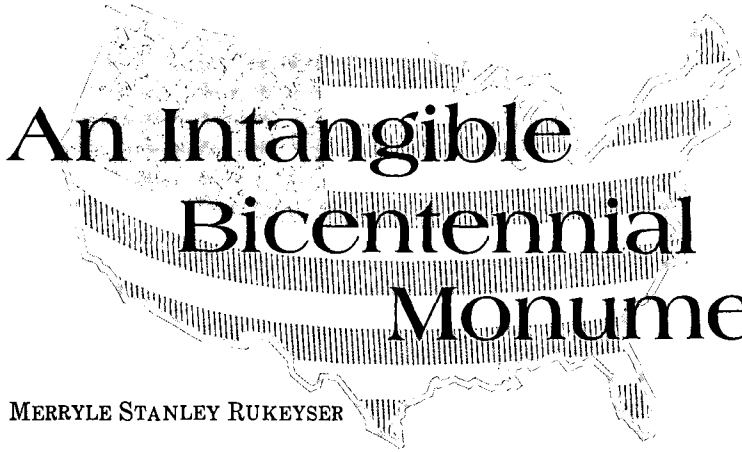

An Intangible Bicentennial Monument

MERRYLE STANLEY RUKEYSER

A VAST QUANTITY of human energy will soon be expended to commemorate our bicentennial year. Perhaps the most fitting monument would be intangible. In face of the seemingly insatiable appetite for gimmickry, it would be a ten-strike to go the other way and apply the surgeon's scalpel to prevailing fallacies. Obviously there will be honest differences as to what to cut away, since one person's false notion is another fellow's credo.

Recognizing the area of controversy, I submit my own inventory of myths which could be profitably eliminated:

1. On the excision list, let's begin with the late Harry L. Hopkins' recipe for enduring political success—"spend and spend, elect and elect."

2. The global intellectual error of equating the printing of more money with social gains is not peculiar to Americans.

3. Fuzzy thinking is caused by the blunder of assuming that the civic minded must choose between "liberalism" and "conservatism." Such rigidity overlooks the fact that the human animal as a bundle of contradictions may be an advanced thinker in new life styles, including open marriage, while being a stickler for fiscal integrity. In his essay on "The Spirit of Conservatism in the Light of History," James Harvey Robinson disclosed the utter inability of wishful thinking to make the world stand still. A common illusion is

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that conservatism is a basic ingredient for business success. Under modern technology, however, little in life is permanent except change. Business survival is heightened by innovation—not by looking backwards. The competent executive fights obsolescence.

4. One costly naivétè is the assumption that government as a cornucopia has limitless resources. The scientific-minded know that even the strongest bridge has a limited capacity.

5. While government has the power to redistribute wealth, progress in living standards springs from the creativity which uses resources effectively and makes two blades of grass grow where but one grew before.

6. It's deemed a truism that costs make prices, but this is really only a half truth. Constructive producers and distributors, instead of passively accepting expenses, are forever seeking to reduce costs through elimination of wasteful motions, through the introduction of better methods and complementing the human muscle with increasing quantities of mechanical energy.

7. As Charles Darwin revealed, some change is retrogressive. Thus it's a backward step to reject the principle that users (consumers) should pay the freight. The introduction of subsidies, whereby part of the cost is borne by others, namely the taxpayers, weakens business discipline and narrows the ability of the customer to be the kingpin in determining what should be produced and in what quantities and style. The subsidy concept condones economic waste.

8. Economic theorists got us off the track in the past four decades by circulating the delusion that money manipulation by government can replace thrift and industry in lifting levels of material well-being. This fallacy, especially in underdeveloped nations, makes it easier for men on horseback to seize power by promising the moon --only to deliver inflation and frustration.

9. Another costly misconception is that we can preserve the U.S. constitutional system of checks and balances by supporting local government with Federal and state "aid." The system is corrupting, since local budgetmakers unrealistically tend to look upon such "aid" as free windfall money. Former President Nixon damaged a constructive idea for revenue sharing by stipulating that Washington continue to collect the highly productive taxes and then as Lady Bountiful make a gift of part of

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the proceeds to the states and the subdivisions. This approach further promotes centralization and weakens the independence of the states and the localities, including the school districts. The Nixon method was wrong because of the axiom that he who pays the piper calls the tune. It would have been better to have made a compact under the constitution between the federal government and the states (including the subdivisions) whereby a newly-created independent tax-collecting agency, representing all levels of government, would collect the big-yielding taxes and then redistribute them without strings, in accordance with a previously agreed formula, to the various levels of government.

10. Through endless repetition the erroneous notion has taken hold that government by fiat power can short-cut the road to progress. By way of illustration, through legislation, court decisions and administrative rulings the power of labor unions has been greatly strengthened since passage of the Wagner Act in 1935. But it is sheer illusion to assume that bigness in labor or in business enables institutions to violate fundamental rules of human behavior. Thus during the current automobile recession the private unemployment compensation schemes set up by Chrysler and General Motors under collective bargaining soon became exhausted. No matter how strongly entrenched, no pressure group by contract can arbitrarily fix a date for the conquest of cancer!

11. A school of economic savants has proclaimed the bizarre doctrine that big, "monopolistic" corporations are above the rules of the market place, and can administer prices and call the shots. If proof to the contrary were needed, little could have been more impressive than the weakness of the automobile Big Three in recent months in the face of wilting demand. This is a reminder that a business enterprise is strong only when it offers goods and services of a price, style and quality that potential customers are able and willing to buy.

12. With the global drift toward Marxism, it is illusory to equate increased intervention by government in economic affairs with progressivism. Totalitarian excesses emphasize that freedom is indivisible and that an open market, which gives the individual optimum free choice, is an essential ingredient in the all-around adventure in human liberty.

13. The public is exploited by the myth that a political incumbent has a right to be re-elected. Whenever an overpowering desire to retain

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office at any cost develops a conflict of interests among incumbents, the public good can be served by rotation in office.

14. The psychological dislocations, incidental to stagflation, create a widespread misconception that the personalities in the great financial institutions know all the answers and that little folks should stay away in droves from the stock market. However, the scoreboard of successful investment in this risk-oriented society shows that in times of economic maladjustment it is human even for the great to err, as changes in the valuation of institutional portfolios disclose.

If the bicentennial year can be dedicated to dissipating delusions, progress will be made toward achieving the future promise of American life!

IDEAS ON LIBERTY

On Being Constructive

EVERY ONE of the proposed reforms has something to commend it, while the sincerity of the proponents makes one wish that they might succeed. The fact remains, however, that the reform invariably rests its case on the goodwill, intelligence, and selflessness of men who, invested with the power to do so, will put the reform into operation. And the lesson of history is that power is never so used. Never. I am convinced, on the other hand, that all of the evils of which these honest people complain can be traced to the misuse of power, and am therefore inclined to distrust political power of any kind. . . The only "constructive" idea that *I* can in all conscience advance, then, is that the individual put his trust in himself, not in power; that he seek to better his understanding and lift his values to a higher and still higher level; that he assume responsibility for his behavior and not shift his responsibility to committees, organizations and, above all, a superpersonal State. Such reforms as are necessary will come of themselves when, or if, men act as intelligent and responsible human beings. There cannot be a "good" society until there are "good" men.

FRANK CHODOROV

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JOAN WILKE

GUESS WHO spends more on advertising than AT&T and Chrysler and Lever Bros. and General Electric and Gillette and Coca Cola.

Guess who spends over *twice* as much on advertising as Kodak, Du Pont, Kellogg's, Pillsbury, Greyhound and Volkswagen.

Guess who spends over *three* times as much on advertising as Heinz, Schlitz, Mobil Oil, Toyota and American Motors.

Guess who spends more on advertising than Shell Oil, Scott Paper, Mazda, Delta Airlines, Eastern Airlines and American Airlines put together.

You do.

The U. S. Government is now the 10th largest advertiser in the United States, spending $110 million of the taxpayers' money last year.

Actually, that ranking is misleading since the government has an advantage other advertisers don't have. It doesn't pay for radio and television time. That costly item is donated to the government free as a public service.

Just imagine how much they'd be spending if they had to buy their own broadcast time!

You won't have to imagine it for long. They are now pushing for permission to pay for their own messages so they can pick better time slots.

Miss Wilke is an advertising writer.

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While the rest of government was reportedly tailoring budgets in the past year, advertising expenditures increased 10%.

What are they selling you may well ask.

Well, uh – there's the Post Office.

But they don't have any competition, you scream.

Silly, you. Where there's a bureaucrat, there's a way.

The Post Office spent $8 million in 1974 and is currently spending $13 million a year.

A $4 million campaign is budgeted to tell people to give forwarding addresses when they move. The Post Office says it spends $300 million a year in avoidable forwarding labor costs. They must spend a lot of time staring blankly at those letters before returning them to the senders or putting them in the Dead Letter bin.)

Most recently it has been producing television spots for the purpose of "promoting letter writing to increase the use of first class mail."

This may seem strange to you, especially since the Post Office continually uses increased volume of mail as an excuse for inefficiency and the need for increasing postage rates.

Thus we taxpayers are in the position of paying our money to persuade ourselves to write more letters and thereby increase the mail load so the Post Office can charge us more for their expanded services.

Such is the absurdity that is inevitable when a government agency gets involved in marketable services.

And this campaign will double the Post Office's ad expenditures to almost $30 million a year. All because postal authorities, with stunning buffoonery, want and expect people to use mail more frequently at the 13¢ rate than they did at 10¢ . . . even though use declined greatly with the last rate increase.

Or, maybe they don't *really* expect it. The Postmaster General concurrently is requesting Congress to double Post Office subsidies to almost $2 *billion* a year for the next few years.

If the postal service were in the private sector where it belongs, along with all other non-protection services, advertising would not be purchased out of deficits and in spite of losses. It would be paid out of the same costs that would transform the service into a smooth-running, efficient and economical system . . . a condition which can be assured only by competition in the private sector. And the taxpayer/consumer would not be spending

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money to work against his own interests.

We taxpayers are spending another $16 million to tell ourselves to put out our matches, stay physically fit, get exercise, stop smoking, join car pools and so forth.

We spend millions to tell people about the welfare they should be getting. People who don't need welfare often don't know they're entitled to it anyway. So the taxpayer pays out of his own pocket to tell people to come and take his money whether they need it or not.

The bulk of government's advertising budget is used for military recruitment.

The Army alone spent $35 million on recruitment advertising in the last year. This may very well be the most invisible $35 million in the history of advertising. It strains the imagination to think of how so much advertising money could possibly be spent so unobtrusively.

The cost breakdown in *Ad Age* (August 18, 1975) reveals $7½ million spent in magazines, about $1½ million in outdoor and less than $1 million in newspaper supplements. The other $25 million is not accounted for except in a rather miscellaneous way as direct mail, displays, transit posters and promotional materials. And next year's budget has been upped $5 million to $40 million.

Where is the money going? One can only wonder.

When the government spends money, there are not the restraints of profit/loss statements. We are not told how many were recruited – or what the goal is. We do know, of course, that we already have servicemen populating countries all over the world.

If, as one branch says, they're "just looking for a few good men," the recruitment cost per man is astronomical. But tax money is like a mountain – it's just there. You can go to it any time and if you're a bureaucrat, it will even come to you.

Some questions persist:

What great need for recruitment advertising can there be when virtually all youngsters are exposed to recruitment through school ROTC programs?

Why is so much advertising necessary when the services all have big recruitment staffs?

What better officer recruitment could there be than our military schools and the academies?

If recruitment is so difficult why are appointments to the academies always in such demand?

What other organization's benefits are so well known as the military's 20-year retirement, medical and dental care, clothing, housing, training, travel and the like?

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The Army is at least as well known as the Hershey Bar which spends no more than a whisper in advertising and for many decades found it unnecessary to advertise at all.

If anyone has the temerity to inquire why the Army budget is being increased to $40 million for recruitment at a time of unemployment when the Army should be more attractive than ever, the response is that the Army doesn't want just anyone. It must compete with industry for high quality personnel.

So, now it becomes clear. All this expense isn't the cost of a volunteer military as opposed to the draft. The draft was never so persnickety. We're simply paying the cost of another federal boondoggle.

Judging by the budget, the Army must want to recruit the Chairman of General Motors.

The taxpayer now finds himself in the position of paying money to hire people he can't get while turning down the most likely, willing candidates for military service. Once again, his tax dollars are working in opposition to his best interests.

These expenditures simply represent another form of the draft . . . another uncalled for drain on the creative sector.

We are not only drawing millions of dollars out of the market coercively through taxes . . . money that would otherwise be used productively. We are also drawing away skills – or attempting to. If we are paying these sums to lure high caliber people into non-creative, protective jobs, we are losing more than money. We are losing productive ability. By turning down the unemployed we are paying to keep the less skilled in the market where they are contributing minimally or collecting unemployment compensation, which we also pay.

The military is trying to attract the least-suited for service while turning down the best-suited.

Our tax dollars further compete with each other by pitting the services against each other. In addition to the $40 million Army budget, the Navy spends $23 million, the Air Force, $16 million and the Marine Corps, $8 million. The Marines quite understandably support the idea of an umbrella campaign for all the major services. But while paying to bring people into the military branches, we are also paying to keep them out.

The government is seeking to pay for radio and TV time in order to reach younger people, its prime prospects, without depending upon the free public service time availabilities. But at the same time,

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the government is spending our tax money to tell these same young people to go to college – and at government expense.

Unemployment compensation also helps pay people to stay out of the military. All welfare programs are in competition with our military recruitment programs. We are using our tax dollars to bid up the cost of protecting ourselves.

The public and private sectors of the economy can never mix without the overlap being in many ways unjust and disadvantageous to everybody.

It is absolutely right to have a volunteer military, but wasteful tax expenditures, unrealistic aims and unnecessary encroachment in the market are merely a more indirect method of drafting resources from the creative sector.

These budgets are typical of the way in which bureaucrats enlarge their responsibilities via ridiculous expenditures and self-perpetuating waste. This is not what's needed for a volunteer military. It can only defeat the whole idea.

The government should happily accept its public service status for broadcast time and should depend on voluntary help or its own personnel for any other publicity needs. It should not be bidding up prices in the market.

The Advertising Council, through volunteer agencies, prepares public service advertising for many causes, none of which is so important as the military protection of the country. Their help would probably be forthcoming if the agencies didn't have $110 million in budgets waved at them.

Even if volunteer aid were not forthcoming, it is difficult to see the need for recruitment advertising for services that have military academies, ROTC programs, information officers, recruitment personnel and the Government Printing Office at their disposal.

Whenever the government mixes in the private, creative sector of the economy we find we're fighting ourselves with our own dollars. All objectives become self-defeating.

It happens when welfare competes with wages, when laws control prices and salaries, when subsidies push up prices, when tariffs raise the cost of imports, when government-protected unions disrupt production, when government waste bids up prices of scarce materials and services – many ways.

The military, among others, could take a lesson from little Pogo who once uttered that immortal line, "We have met the enemy and he is us."

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Individual Responsibility

RIDGWAY K. FOLEY, JR.

INDIVIDUAL RESPONSIBILITY refers to man's willingness and ability to unflinchingly and without exception abide the consequences of every human act and choice. Consequence follows choice inexorably.

We live in a world of causal connection, a universe governed by predictable responses and guided by natural law. The earth spins on its axis while rotating in a fixed pattern about a celestial orb, leading to the result of a rising sun in the East each morning. In like manner, human action affects human history: "bad money drives out good" and "men are less careful with the liberties of others than with their own" state natural retorts to human conduct.

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Man acts; this fact ineluctably attends the study of mankind. One can no more imagine a world devoid of purposeful human action (given the existence of human beings) than one can conjure up a land unfettered by cause-and-effect relationships or unblessed by a sun which arises in the East each day.

But what constitutes human action? Purely and simply, it alludes to that characteristic of personal conduct which we refer to as a choice between alternatives. Each individual confronts myriad potential courses of conduct as he faces each appointed task. He – or someone on his behalf – must choose between those available routes to his goal. Man must choose; he cannot remain static and survive. Abdication of the

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power to choose represents as much a choice as any other course of conduct. Try as one might, man cannot avoid the awful responsibility of that power which affects both his life and that of others.

The stark reality of the unyielding necessity to choose and act sometimes obscures a salient point: the very power to choose and ability to affect consequences marks the difference between man and other creatures or inanimate objects. Man is man because he can knowingly choose and seek his own destiny within the constraints of his physical limitations. This special nature sets the human condition apart from the animal world where the birds and beasts react instinctively but without rational purpose. A seal or dolphin may react to a maze or series of lights for a gourmet reward, but these mammals can never devise the system nor comprehend the essential relationships which cause it to work with relative infallibility.

A concomitant fact of human nature, whether termed universal truth, natural law, or reality, leads to the discussion of the concept of individual responsibility: man makes mistakes. Any objective observer of human history and nature recognizes that man necessarily falls short of his aspirations. The finest hitter in baseball lore achieved success approximately 36% of the time; an accomplished musician manages a few "clinkers" in every performance; a proficient secretary snow-packs her typographical errors. If such a low ratio of success applies to those endeavors in which one exhibits consummate skill, how much greater the likelihood of mistake, confusion or misdirection in enterprises where the actor lacks mastery. In plain terms, man is a fallible, finite being prone to misjudge both means and ends and only dimly cognizant of the normative rules which govern the art of living.

Man acts; by his very nature he chooses between alternatives; he errs. Addition of the ingredients analyzed yields the equation of individual responsibility: Each choice represents a moral imperative: Individuals should endure the consequences of their actions, tolerating their mistakes as well as enjoying their successes. Responsibility encompasses the attribute of accepting the results of human action without attempting to shunt these consequences unto the shoulders of other human beings.

The Essence of Personal Responsibility

Two common rejoinders color the condition when human action produces untoward or unanticipated results. First, the actor seeks to diffuse his loss, or to avoid it entirely, by imposing the conse-

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quences of his choice upon other persons. Second, even when resisting that temptation many individuals display a selectivity in acceptance of involvement; in other words, one may profess a belief in individual responsibility yet by his actions brook only a part of the output. So, we note a proclivity on the part of human beings to desire and revel in the choice-making power while circumventing the outcome of wielding that authority.

Remember the fundamental rule that action produces effect. Apostles of liberty glory in the freedom of human action, the ability of a human being to choose between alternatives in as many instances as possible without external constraints. All too often, these same individuals ignore or avoid the necessary obverse to free action, the concept of individual responsibility for the results of that action.

Shifting the Responsibility

Examples sometimes clarify a point. *A* may consider the oil industry profits excessive. To alleviate this situation, *A* secures introduction and passage of a bill by Congress limiting oil producing enterprises to a return of 6% upon their gross sales. Such an action produces results, both obvious and cloaked. One outfall will exist in higher energy prices to consumers by virtue of the thwarting of investment capital and the disinclination of investors to incur substantial risks of loss for so slight a return. Existing companies in the field will concentrate upon relatively safe explorations; production will decline while demand remains constant or increases; demand increases concomitantly with artificially-lowered prices to consumers; since a lower amount of the commodity appears for sale to an equal or larger number of consumers bidding for the goods, prices will increase as the market replies to consumer pressure. If *A* truly believes in individual responsibility for his actions, he will accept the market dictation of higher prices for energy products. However, if he performs true to form of the mill run of the citizenry, *A* will rail at the result of his conduct and seek to shift the burden of those results to others by the imposition of wage and price controls. Price controls applied to the oil industry will only serve to aggravate an already perilous situation: a limitation on the price charged (particularly in a period of rapid inflation) will further eliminate both investors and producers in the field, secure unnatural cartelization of the industry, destroy capital formation and, if carried

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to the extreme, annihilate the creation of the goods. *A's* refusal to abide by the consequences of his choice will ultimately thrust the burden first upon the producers regulated and eventually upon all who use energy products.

Favored Treatment

Normally a follower of the freedom philosophy would not advocate enactment of such obvious market intrusions as profit, wage or price controls; that kind of tomfoolery seems to be the exclusive province of the misguided liberal who believes that state regulation supplies a ready and effective answer to all manner of human problems. Yet a freedom-oriented individual may fall victim to similar if more subtle persuasions possessing the identical defect.

For example, *X* dislikes his neighbor's use of the abutting property to grow begonias so he induces the county commission to adopt a comprehensive land use plan which will prescribe permitted uses and proscribe disfavored ones; yet when the neighbor complains about *X*'s use of his roof for a helioport, *X* secures a variance from the local planning board.

Or *Y*, feeling charitable and concerned about the poor and the downtrodden, favors a program of food stamps to insure an adequate diet; yet, when the tax authorities assess the cost of welfare upon the creators of value, *Y* declines to pay his share and encourages the state to impose a staggered or graduated tax which will lay the burden unequally upon the populace so that *Y* defrays a lesser portion of the cost.

Or *Z*, aware of the value of education, may apply compulsory attendance laws to unwilling learners yet refuse to accept the result of an expensive institution which instills neither intellectual nor moral values in a large number of those in attendance.

In each instance propounded (and each situation merely represents a slight variation of a repetitious theme) ends which may receive the label "good" in the subjective value structure of many persons falter on the shoals of the means employed to reach those goals. In each instance, proponents of a subject seize power and employ aggressive means to compel others to comply with their dream, unaware that dreams differ as much as human beings. In each instance, the seeker sees his course of conduct produce disagreeable results which he promptly reassigns to others by the use of duress and coercion.

A wholly distinct situation partaking of the same evil occurs

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when *B* and *S* enter into a contract wherein *S* sells *B* goods on credit. If *B* over-extends himself and mortgages his future, that represents his choice for which he should remain responsible. Yet in the current state of affairs, many purchasers and borrowers exhibit an increasingly cavalier attitude toward debt – the result of voluntary contractual relationships – and try to shift the burden to the lender or seller by means of default or to the consuming public by means of moratoria and like restraints.

Misuses of Power

One must distinguish between two discrete misuses of power. The more readily apparent misapplication of force stems from the act of directing others to perform or to refrain from certain conduct: blue laws, usury rules, zoning ordinances all partake of this sin. The more hidden transgression lies in the use of law to disperse or avoid the risk of loss or the cost of a poor decision made with or without the aid of law. Governmental payments to Penn Central and Lockheed, bankruptcy norms, and compulsory automobile insurance reek of this offense.

Moreover, one should perceive that mankind does not restrict this particular propensity to the use of law or to the field of economic activity. Psychologists and psychiatrists recognize the habit of many patients to lay off their problems upon others or to attribute misfortune to God, chance or the position of the stars, instead of their own poor choice. Almost everyone has seen a fellow who moans at his fate in this manner, imputing his fortuity to a conspiracy rather than the natural outgrowth of human action. At the core, the attribute forms a moral and personal problem.

Freedom and responsibility truly represent two facets of the identical aspect of truth. Freedom postulates a belief that no person should initiate coercion against another, and that the use of force receives justification only to protect persons from loss of life, liberty and property caused by coercive or fraudulent means, and to adjudicate disputes which the parties cannot resolve on their own. Responsibility stands on the tenet that each citizen must accept the consequences of such unfettered human action without employing the law to ameliorate the results of his free choice. Arising from the same base, the two concepts exhibit compatibility and an inherent relationship: A free man chooses and a responsible man accepts the results of his choice without infringing upon the equivalent freedom of others.

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The Rationale for Responsibility

Two separate lines of reasoning undergird the doctrine of individual responsibility outlined above, similar to the rationale supporting the concept of liberty.[1]

First, recur to a pragmatic reason: A man makes better choices if he bears the ultimate responsibility for his actions. He will tend to think through the problem, apply his best judgmental, experiential and analytical tools, and reach the most reasoned result in harmony with his personal dynamic scale of preferences. Individual responsibility does not mean that man will not make mistakes; nothing can entirely eliminate that problem, for to do so would amount to a reconstruction of human nature. Individual responsibility does mean that men, singly and as a whole, will make fewer and less tragic mistakes and will more nearly reach their personal aspirations.

Again, an example may prove instructive. History demonstrates that men adduce better choices for their largess if they maintain personal accountability for choosing the objects of their charities. Almost all men betray the very human (natural) trait of sympathy with those less blessed with material things. Pragmatically, both the giver and the recipient of gifts will receive a greater benefit if each remains wholly responsible for the donation than if some coercive intermediary intervenes and designates not only donor and donee but also the amount, terms and conditions of the transfer. The prevalence of welfare abuses and the failure of the food stamp program lend poignant testimony to this fact. Individual initiative leaves the giver with a warm feeling of having helped another and the legatee with the pride which suffers no demeaning from the status of a public charge. Coerced gifting bequeaths a residue of distaste on the part of each participant, a claim of "right" by the receiver and a feeling of being oppressed by the donor.[2]

Second, a distinct moral reason separately and wholly justifies the practice of individual responsibility. Insofar as individual responsibility requires the actor to accept and live with the ramifications of his choice and not employ legal process to coercively shift the results to another person or group, justice and morality support the proposition. The same fundamental moral principle ap-

[1] See Foley, Ridgway K., Jr., "A Rationale for Liberty", 23 *Freeman* 222-229 (April, 1973).

[2] See Foley, Ridgway K., Jr., "Welfare as a Right", 23 *Freeman* 663-671 (Nov., 1973).

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plies here as it does in any instance where mankind rejects the suggestion that "might makes right."[3] Reduced to an *a priori* declaration, fundamental morality condemns the initiation of force against another who persists only in minding his own business and going about his pursuits in a nonaggressive way.

Furthermore, a collateral proposition of moral suasion justifies individual responsibility even on those occasions when the actor seeks to divert the effects of his decision by nonjural means. If choice-making ability distinguishes mankind from other inhabitants, then it rationally follows that choice means nothing without a concomitant responsibility for that choice. If choosing descends into meaninglessness, then the ability to choose does not mark the actor in a different fashion from other creatures. Therefore, man must accept the effects of his causal action and cannot escape responsibility by importuning, deception, disregard or any other means. Whether one posits the primacy of choice or deduces it from human nature or basic reality, the result remains identical.

In addition to the unassailable pragmatic and moral reasons discussed, a third support appears for many analysts. A believer in universal justice, whether based on religious or natural theory, must necessarily propound a belief in the essential orderliness of the universe. Things work in a repetitive pattern; cause-and-effect flow through the unseen mechanism. Postulate an orderly nature of things and it requires but a small step to subsume a retributive form of justice where events finally come to rest at the feet of the doer: "As ye sow, so shall ye reap." Ultimately, those who contribute to the fires of a raging inflation by their vote, by their deed, or by their theories are bound to suffer the effect of the necessary cataclysm. Such a theory of natural justice necessarily imposes the normative rule that man cannot avoid the consequences of his acts; he may defer the effect of bad choice *A* by a series of other poor decisions, but he will ultimately pay the piper in regard to *A*.

The Misdeeds of Enterprise Responsibility

One cannot adequately investigate the doctrine of individual responsibility without a cursory examination of two related subjects: corporate and government responsibility.

[3] See Foley, Ridgway K., Jr., "You Can't Sell Freedom To a Starving Man" (Unpublished Manuscript).

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Corporate responsibility relates to the extent to which corporate enterprises bear an obligation for entrepreneurial action. By their very legal structure, corporations and limited partnerships render the investing entrepreneur only liable to a limited amount, generally the total of his investment or subscription. The justification for this special privilege rests in part upon the policy determination that venture capital cannot be pooled in sufficient amounts without the protection of limited liability, and in part upon the consensual or implied contractual basis that all who deal with such a business recognize, and consent to, the limitation of liability.

The former policy reason probably represents a historical fact although not a necessary one. One could achieve a similar limitation of liability by the judious use of insurance (written in an association rather than in the corporate form) without the inconsistency bred into the law by corporate enterprise. The latter consensual reason supplies a simplistic justification which proceeds upon the assumption that all men know the law and assent thereto, an assumption probably unjustified in this or any other state. Each year literally thousands of good faith creditors receive naught for their goods, services, ideas or money when a limited liability venture comes a cropper, while the principal owners of that enterprise remain insulated behind the corporate form, enjoying property protected from attachment for judgment debts. In such a manner, the owners shift the effects of their actions to other persons and shirk individual responsibility.

Social Responsibility of Business Enterprise

In other ways, corporations occupy a similar position to that of individual actors. Causal connection governs group acts as well as personal conduct. Shifting responsibility and spreading of risk occupy considerable managerial time and effort. Postponement of consequences, rather than total avoidance, affects both the group and the person.

Currently, some would advocate a concept of "social responsibility of business," implying that the business enterprise possesses some greater obligation to the community beyond the sale of goods, services and ideas. While such a notion merits separate treatment, suffice it to say that the sole business of business is business, to produce the best possible goods, services and ideas at the lowest possible cost and the greatest possible profit. Business enterprises owe no social responsibility outside of

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the common duty to refrain from the initiation of force and fraud and abiding by standard dispute-settling rules.

Perhaps corporations do possess the tools to make better decisions and fewer mistakes within the perimeters of their actions. Corporate managers and directors often own substantial expertise in their chosen field and devote a large portion of their time to analysis and solution of business problems. Often several individuals pool their efforts and talents to the answer of a particularly difficult problem and the making of a particularly trying choice. Yet, in final analysis, corporation decisions *are* personal decisions rendered by the individual officers and directors, and the resultant choices achieve no higher plane than the best that these finite men have to offer.

The Miasma of Government Responsibility

One manifestation of group responsibility affects both corporate and state enterprises in common, although more apparent at the latter level: the readiness of the individuals involved to evade or attempt to shun individual responsibility for enterprise acts. Devoid of its outer garb, this feature merely forms another facet of the individual tendency to decline acceptance for mistaken or misguided choices.

Individuals acting in a corporate or state capacity owe precisely the same moral obligation for the consequences of their enterprise actions as they do for personal conduct. One cannot repudiate responsibility by the artifice or device of membership in the United States Army or United States Steel Corporation. The law perverted permits individuals to postpone effects of enterprise acts but human law cannot overcome and obviate the natural course of events. Ultimate responsibility remains and finally rests upon the back of the individual decision-maker.

Governmental servants and officials owe an even more stringent duty to make proper choices since they deal with the coercive powers of the state. It requires little insight to recognize that one who seizes or utilizes power should do so fairly and under restraint lest that power be abused. The decision of otherwise insoluble disputes and the protection of life and liberty from fraud and force represent an awesome task in any view; those chosen to perform these state functions must not only accept ultimate personal responsibility for their activities but also exercise the highest degree of prudence and foresight in handling the entrusted affairs of state.

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To the extent that the state exceeds the limits of its appropriate functions, the individual officials cannot escape their personal responsibility for their role in such action. Acceptance of the premise that restrictive state action amounts to immorality leads to the inevitable conclusion that the state servant bears the final obligation for that immoral conduct. After all, neither a corporation nor a government can act; artificial entities perform only by means of individuals functioning in their stead.

Both corporate and governmental enterprises tend to prove the natural law that one takes less care with the lives, liberties and properties of others than he does with his own. If Congressmen had to man machine guns, wars would end quickly. If Presidents had to pay the bills for housing and feeding those unwilling to work, the budget would balance. If judges had to live next door to suspects on bail, less criminal relapse would mar the community. One can hardly apply the term "responsible" to governmental action where deficit spending in a year reaches $44, or $60, or $100 *billions* (depending on who provides the estimate), where the resulting inflation chips gaping holes in the buying power of the measure of exchange, and where taxes absorb 40% or more of the national product. Corporate officers at least often own a substantial interest in their enterprise and thus suffer the effects of their conduct in some regard; state officials normally achieve strict insulation, if not immunity, from the consequences of their conduct since their state actions necessarily harmonize with their own subjective values.

True freedom cannot exist in the absence of individual responsibility. Individual responsibility, whether exercised on one's own behalf or in the employ of a voluntary or state organization, requires the actor to accept the consequences of his conduct without using juridical rules to shunt the natural effects unto another, unwilling party.

IDEAS ON LIBERTY

With You and Me

FREEDOM RESTS, and always will, on individual responsibility, individual integrity, individual effort, individual courage, and individual religious faith. It does not rest in Washington. It rests with you and me.

ED LIPSCOMB

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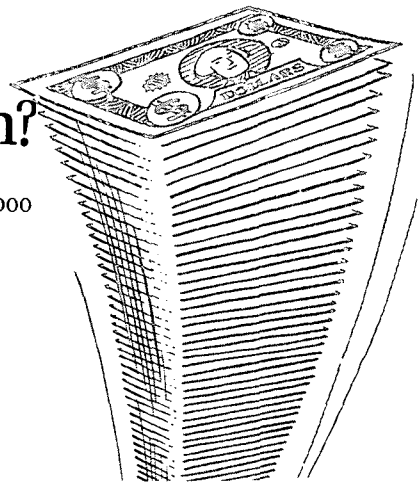
How Much Will Be Enough?



JAMES E. MCADOO

IN WHAT are turning out to be "the old days," a special kind of advertisement appeared regularly in many magazines. It pictured an attractive, gray-haired couple, attired in sports clothes, and smiling happily. The caption said, in effect, "I retired with $250 a month, for life". The clear implication was that, with the proper plan for prudence and thrift, the reader could provide for a comfortable lifetime income.

As years went by, the $250 a month became $350, and then even higher. Obviously, the idea of a future income inadequate to meet future expenses has little appeal. If the ad is still being run today, it is doubtful that any monthly income figure is mentioned at all. No one knows what it will cost to live for a month in 1985, or 1995. The price level, ten or twenty years hence, is anybody's guess.

For many people, the future has arrived. Those who have retired from their working careers are now relying upon whatever sources of income their previous planning provided. It is a fair guess that very few of those who are now dependent on the fruits of their early planning could have envisioned how little their money would buy. An income figure which might have seemed abundant twenty years ago might today be less than adequate.

A money income is almost essential in a modern economy. Dreams of happy self-sufficiency on a picture-postcard farm are dreams of the young and energetic. For almost everyone else, an income of money is the *sine qua non* of survival. With enough money, it is generally believed, people can buy what they need. Such a premise, however, contains one fallacy, and one disquieting uncertainty. Money cannot buy what is not produc-

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ed and made available for exchange. And it is highly uncertain how much money will be "enough." While we may have a good grasp of current prices, no one can predict, with any degree of assurance, what prices will prevail even one year from now, much less ten or twenty.

Planning for a future income is seriously hampered by one crucial fault of our money: it is not a store of value. Despite the faith and the law which give the Dollar currency as a medium of exchange, the Dollar has shown a pronounced tendency to lose its purchasing power. Anyone who seriously considers, and tries to plan for his needs for a future money income, must take that phenomenon into account.

There is little evidence to suggest that the adequacy of future income is a prominent concern of the majority of people. Those who think of it at all are subject to continuing reassurance that inflation will soon be controlled, and that prices will not rise at previous rates. Added to the hopes and promises of a more stable price-level ahead are built-in programs for the production of future income: Social Security, Pension Plans, and Retirement Programs. Further opportunities for future income lie in the individual's ability to save and invest: bank savings accounts, corporate stocks, life insurance programs, Government bonds, real estate, and so forth. With careful planning, and reasonable thrift, an individual can provide for a future income in Dollars. But the nagging question remains: how many Dollars will be enough? The problem, whether or not we prepare for it, will arise for all those who live to see the future.

Inflation Eats the Principal

It is an obvious, but shocking, fact that, with an inflation rate of 10%, the break-even point on a tax-free investment is a yield of 10%! And even such a remarkable return on a municipal bond, for example, would not provide future income; it would only offset inflation's 10% erosion of capital.

Given the same inflation rate, a person in the 50% tax bracket would require a yield of 20% on a Government bond, just to stay even. If inflation rose to 15% he would need a 30% return, and would still have no real income.

While someone in the 50% bracket may neither solicit nor merit public sympathy, the problem he faces is even more severe for those in lower tax brackets. The scissors-like effect of inflation and taxes inevitably destroys the adequacy of a money income. Planning for the future becomes a scramble to assure the largest pos-

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sible Dollar income, in the hope that that amount will prove to be enough.

Recognizing the problem, and seeking countermeasures, many people have tried to identify, and acquire, a store of value. They strive to convert capital and income not currently essential for survival into *some thing* which will at least retain its value into the future. A list of things considered by some to be stores of value would include rare stamps, rare art works, rare porcelain pieces, rare firearms, rare books, rare coins, and rare metals.

Yet, even those who have the means and the inclination to acquire rare collectibles must do so with considerable reluctance. Aside from the downside risks involved, such "investments" have many drawbacks. A rare stamp, or painting, or book can never yield an income. Nor can it, with any certainty, appreciate in value. What is usually construed as appreciation is most often only the reflection of money's reduced purchasing power. While a calf or a lamb should appreciate in value as it matures, a rare coin or rare metal remains precisely what it always was.

Perhaps equally regrettable to some who seek the shelter of stores of value is the non-productive deployment of assets. A rare and valuable painting represents, to some, capital which might under more favorable circumstances be employed in enhancing the productivity of an expanding and successful enterprise. The argument may not hold water, but the feeling may be there, nonetheless. Unfortunately for the general welfare, those who have proven their ability to contribute to productivity through successful investment may be the very ones whose attention is diverted to an emphasis on stores of value. Inflation, coupled with taxation, diminishes the incentive to engage in customary forms of investment.

One can only imagine with horror the devastating impact upon our entire economy if a substantial number of traditional investors were to divert their assets into what they considered superior stores of value. Yet, the ravages of inflation upon the real return available through traditional forms of investment tend to direct attention to stores of value. Considerations of future income are of increasing urgency in a period of anticipated inflation. When no traditional form of investment can yield a real income after inflation and taxes, prudent people will look for a way to preserve capital. They will seek merely a store of value; some thing that will hopefully provide the equivalent of a future income.

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A Better Store of Value

Every citizen has a stake in securing future income. The question of how many Dollars will be needed to assure an adequate standard of living in the future is not one to be left for future consideration; it is of vital importance now, when plans can be made, and when suitable action can be taken. Hope, or even confidence, that "things will work out" are an unreliable hedge against an uncertain future value of money.

What are becoming, in a restricted sense, popular forms of a store of value are largely beyond the experience, if not the means, of the public at large. Few people could distinguish between the genuine and the counterfeit. What is sorely needed, by everyone who will require future income, is an *ideal* store of value, equally available to all. Fortunately, the creation of an ideal store of value is within the capabilities of an informed and active electorate: a better money.

Historically, money has served well as a store of value. Indeed, that characteristic has been an essential aspect of a good money. With disappointing regularity, however, governments have either caused or permitted money to be deprived of that characteristic. Through either debasement of coinage or inflation through legal tender paper currency or bank credit, money has periodically been divested of its intrinsic or representative value. The Dollar is presently in that condition.

For more than a generation, fashionable economic theory has held that a money devoid of intrinsic value is not only the equal of, but superior to money which serves as a store of value. Legal tender and credit are defended as being "more flexible," and free of the "tyranny" of precious metals. Despite these supposed "advantages", however, our money continues to lose its value. As history has shown so often in the past, an intrinsically worthless money not only reduces the adequacy of present income, but jeopardizes the reliability of future income. Equally serious are the inescapable attendant problems of social and political discord.

While it would be incautious to predict the economic future for this or any other country, it is safe to say that the future is, at best, uncertain. Past experience of others would strongly suggest that the best money is one which serves not only as a medium of exchange, but as a store of value. Those who are concerned about the adequacy of future income might best prepare for that future by asking the Government to restore the value of money.

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MORAL LAW and FREEDOM

V. ORVAL WATTS

NECESSARY AND BASIC in the Judeo-Christian Ethic is recognition of the enduring nature of Moral Law. The essence of this moral law is summed up in the "Golden Rule," and it derives from the fact that *humans need one another.*

Without other human beings, we cannot be born, cannot be reared, cannot prosper; and to have the cooperation of other humans – to avoid the conflicts which would be suicidal for humans – we must follow the "Golden Rule." When we apply it in practice, we find it is the unifying principle of those commandments that refer to the relations between the individual and his fellows: "Thou shalt not steal," "Thou shalt not kill," and "Thou shalt not bear false witness."

Now, it should be clear that obedience to Moral Law means voluntary cooperation and freedom. If we don't steal, we leave other persons free to use their talents in peaceful cooperative ways to produce goods for their own use, for exchange, or for gifts to others, such as gifts to one's family or heirs.

Therefore, we have a state of individual freedom if we live by

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His latest works, of which he is co-author and editor, are *Free Markets or Famine* and *Politics vs. Prosperity* (Midland, Michigan: Pendell Publishing Co., 1975).

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the "Ten Commandments." We have private property and numberless associations for voluntary cooperation.

And humans develop as humans and make progress only in this condition of individual freedom and voluntary association established by adherence to these moral principles. Therefore, these moral principles are antecedent to and take precedence over all man-made laws and customs.

In other words, these enduring moral principles require of us respect for the property rights of other people – that is, respect for their rights to control their own persons and for their rights to control those things which they obtain in voluntary cooperation, whether by gift, by voluntary exchange, or by the productive use of these things.

Living by these principles requires that we fulfill our contracts, that we speak the truth, and that we revere the laws of Life and Nature. The human need for this reverence appears in the first four of the "Ten Commandments."

This voluntary cooperation and exchange are doubly productive of benefits in contrast to the one-sided gain that anyone may get by coercion, as for example, burglary, by slavery, or by taxation. In voluntary cooperation, all participants must benefit if the cooperation is to continue, for if it is voluntary, anyone may withdraw when he feels he is not benefiting, when he feels that the gains are distributed unjustly or going entirely to one person or group at the expense of the time and energy of others.

We should note also that living by the Golden Rule involves respect for privacy – the right to be let alone and the right to choose one's associates. Coercion – the attempt to compel people to associate with others – leads to conflict rather than to the attitudes and actions which are mutually beneficial. Freedom established by the Moral Law of the Golden Rule and the Ten Commandments includes the moral right to withdraw from an unwelcome contact with other persons, as well as the right freely to cooperate in mutually beneficial ways.

IDEAS ON LIBERTY

Killed by Corruption

ALL who have ever written on government are unanimous, that among a people generally corrupt liberty cannot long exist.

EDMUND BURKE

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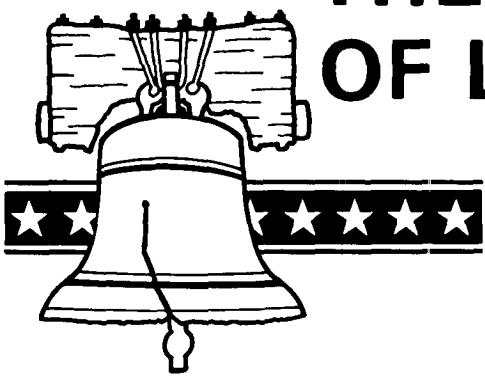
THE LOVE OF LIBERTY



GOING AROUND ISRAEL on an archaeological junket, I encountered the word "hitnadvut." It means voluntarism as opposed to coercion, and it connotes social power as opposed to State power. I happened during the same trip to be reading Leonard Read's new book, *The Love of Liberty* (The Foundation for Economic Education, $5.00). What Leonard Read is all about is "hitnadvut."

Israel, of course, is surrounded by enemies, and in retaining a war footing it does not quibble about subordinating social power to State power when it is a matter of taxing and drafting to keep its army in readiness. Since the nation was formed in good part by Marxist ideologues who had grown up in eastern Europe during the period of pre-Bolshevik revolutionary ferment, "hitnadvut" has had a pernicious tradition to overcome. But it is interesting to note that the Israeli Founding Fathers who came trickling into late nineteenth and early twentieth century Palestine from the Jewish Pale of Settlement in Czarist Russia had to jettison all their ideas about an orthodox socialist economy in order to get Galilee swampland to produce. Even though they were committed ideologically to social-

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ism, the Israeli pioneers had to find a form of economic organization that would be compatible with "hitnadvut."

The result was the kibbutz, or voluntary collective. I don't suppose Leonard Read would fully approve of it. The kibbutz does not reward the gifted individual by paying him more than the yeoman laborer. But it conforms to the Read idea of "anything that's peaceful." Nobody is compelled either to join or to remain in a kibbutz. The kibbutz buys its land in the open market – its purchase of fallow acres, open to all comers under the prevailing Turkish law, were made in pure capitalistic and "hitnadvut" fashion. The rules of the kibbutz are made by democratic vote. Besides farming, the kibbutz engages in everything from manufacturing to inn-keeping. It lives by competition with individual enterprise. It has even begun to hire labor from the outside. In short, it functions very much like an employee-owned corporation. It does not even ask the State to help provide Welfare for its elders. They simply go on working after age 65 at jobs they are still able to do. So there is kibbutz social security without bringing in the strong-arm tactics of the State.

So this is Israeli "socialism." I don't want to sound lyrical about it; I would not like to live on a kibbutz. But it was interesting to see that where Leonard Read's principles of voluntarism and "anything that's peaceful" are followed, even a nominally collective way of life can flourish.

Declining Self-Reliance

It was good to be reading Leonard Read while going about in a strange country. The various essays in *The Love of Liberty* took on added freshness simply because their principles could be tested by observation of new things. Israel, beginning in Marxist dogma, strains toward "hitnadvut" self-reliance. This is a quality that is on the rise both inside the kibbutz and outside, where individuals start factories to make all sorts of useful objects out of olive wood. In writing about America, which once produced so many Thomas Edisons and Samuel Morses, Leonard Read has been forced to speak of the fall of self-reliance. It does not strike Mr. Read as mere happenstance that the figures for those receiving food stamps almost exactly balance the number of "keepers" who work for federal, state and local governments. The total – it is 16,000,000 in either case, or a whopping 32,000,000 in all – live off the rest of us. Mr. Read notes that there are no more Edisons or Morses among the keepers than among the kept. And

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32,000,000 non-producers are giving the U.S. more and more the flavor of the drone society.

If Mr. Read were prone to pessimism, his essay on "What We Can Learn from a Communist" would have him permanently in the dumps. Quoting Earl Browder, who headed the American Communist Party for years, he mentions twenty-two specific examples of the development of socialism in the U.S. They range from government debt financing to price controls, and from the Employment Act of 1946 to government housing. Mr. Browder wrote that the single feature that the twenty-two items had in common was that they "express the growth of State capitalism." In substance if not in form, said Browder, State capitalism has progressed further in America than in Great Britain. As the Marxists define it, State capitalism is just another phrase for socialism.

The revealing word in many of Browder's twenty-two items is "guaranteed." Who, asks Leonard Read, is the guarantor? It is the government, which backs its guarantees with "coercively collectivized collateral."

Instead of panicking at Browder's list, Leonard Read thanks God for the "mess that we are in." The "mess" is the evidence that we have been doing things wrong. It sends up signals that are loud and clear. Sooner or later there will be action on these signals.

Who Will Lead?

Who will lead the way to necessary change? Mr. Read thinks that appealing to the masses defeats itself. The masses fall easy prey to dictators. Name-calling doesn't help. It can be exhilarating to the pejorative verbalizer, but name-calling only serves to get peoples' backs up. As the backs rise, the ears close.

Heightened consciousness, says Leonard Read, can't be sold. The way to convince others is, first, to perfect one's own understanding, to become a member of Albert Nock's — and Isaiah's — saving Remnant. It is only when individuals become advanced in self-reliance and personal creativity that they project a contagious image. "Exemplarity," Mr. Read calls it. He quotes Albert Schweitzer: "Example is not the *main* thing in influencing others; it is the *only* thing."

Exemplarity, of course, works in bad ways as well as in good. Consider the present-day rash of teachers' strikes in communities that have anti-strike laws for public employees. The exemplarity here does not encourage students to believe in law and order, or "anything that's peaceful." The

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bad example, however, adds to the "mess" that is the evidence that we are doing things wrong. If the teachers strike long enough, it will promote a grand efflorescence of private schools – "exemplarity" of the good sort.

Leonard Read says that "the abundance we still enjoy is exclusively the result of a leakage of free human energy." It was interesting to me that the Israelis have a word for such leakage. It is "le'histader," meaning "working around the rules." You can't beat Leonard Read: he applies anywhere.

▸ RENT CONTROL: A POPULAR PARADOX (The Fraser Institute, Vancouver, B.C., Canada, 1975) 212 pp., $3.95

Reviewed by Bettina Bien Greaves

PEOPLE generally will buy more of a thing at a lower price than at a higher price. At the same time, owners will be less eager to sell at a lower price than at a higher price. Thus, a gap will always appear between the quantity of a thing people want to buy and the quantity its owners are willing to sell, *if government uses force to keep the price down.* This theme is applied to housing in *Rent Control: A Popular Paradox.*

The authors in this anthology describe the gap in the number of rental units sought and the number that appeared on the market when governments imposed ceilings on rents:

- In Vienna, Austria in the 1920's (1974 Nobel Economics prize winner F. A. Hayek)
- In Paris, France (French journalist Bertrand de Jouvenel)
- In the U. S. during World War II (Chicago professors Milton Friedman and George J. Stigler)
- In the United Kingdom (British professors F. W. Paish and F. G. Pennance)
- In New York City (Virginia professor E. O. Olsen)
- In Sweden (Swedish lecturer in economics Sven Rydenfelt)
- The Institute's Chief Economist, Michael A. Walker, also contributes a couple of chapters about the situation in Canada. In each case, would-be tenants wanted to rent more space at bargain prices than owners of real estate offered on the market.

Because of the nature of rental housing – it usually deteriorates gradually – there is generally some lag in the appearance of a housing shortage when government controls rents. Yet rent controls are bound to have significant side effects in time – over and above a gap between supply and demand. Savers look for more lucrative in-

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vestments than rent-controlled housing; builders hesitate, or refuse, to start new construction; tenants fortunate enough to be living in bargain-priced housing units spread out to occupy more space than they otherwise would and refuse to move, even if new and/or better jobs open up elsewhere; and additional housing units cannot be produced overnight precisely where and when they are needed. Thus, rent controls aggravate and prolong economic rigidities and distortions.

There may be widespread agreement among economists as to the inevitability of a housing shortage under rent controls. Yet many politicians still expect that rent controls will gain them votes and help them stay in office if the number of happy tenants who enjoy rental bargains outnumber the disgruntled landlords and dissatisfied would-be tenants for whom suitable housing is not available.

Apparently there is renewed political pressure now for rent controls in Canada (two Canadian provinces have already enacted them in some form). It was this agitation that induced The Fraser Institute to publish this worthwhile book on the subject. One need not endorse the Institute's scheme for income supplementation in hardship cases during decontrol to find the book helpful. The material should be useful to anyone trying to combat political control of rents as well as to students looking for examples of government intervention. The book illustrates with historical evidence and statistics one of the economic truths stressed by the late Professor Ludwig von Mises, namely that government-imposed price ceilings, of which rent controls are one example, produce effects which, from the point of view of the very persons who advocated them, are even worse than the state of affairs they were trying to remedy.

Whenever enacted and enforced, rent controls have always exaggerated the shortage of rental housing – and they always will.

▶ CLEAR AND PRESENT DANGERS by M. Stanton Evans (New York: Harcourt Brace Jovanovich, 1975) 445 pp., $4.95.

Reviewed by William H. Peterson

MR. EVANS, nationally syndicated columnist, chairman of the American Conservative Union and former editor of the *Indianapolis News*, here attacks liberalism with a vengeance. He charges that liberalism has matters backward in its basic approaches, and because of this initial error it also reverses

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the fundamental facts of our economic and political life. Hence, our country, under liberal guidance ever since the Great Depression, has been reeling from one catastrophe to another. Liberal answers to questions of poverty, pollution control, urban transit, public education, health care, oil profits, national defense, and the like are counter-productive, or to put it less mildly, frequently outright disasters.

Evans' research on liberalism is alone worth the price of admission. He notes, for example, the definition of "liberal" as propounded by former Senator Joseph Clark of Pennsylvania in 1953. "A Liberal is here defined as one who believes in using the full force of government for the advancement of social, political and economic justice at the municipal, state, national and international levels." Evans also quotes liberal economist Robert Theobald (an early champion of guaranteed annual income) who says, "we must recognize the fact that the society's needs may be more important than those of a single person" and "a strict insistence on existing rights would lead to an intolerable situation for all."

Mr. Evans derives his conservative stance from what he calls "the American design," from the first principles as laid down by the Founding Fathers. He stresses the idea of having a written instrument of authorization – a Constitution. He stresses, too, the Founders' concept of, to use the Evans word, "antimajoritarianism." The Messrs. Washington, Jefferson, Madison, Franklin, *et al* believed in the ultimate authority of the people but they also believed in limits to what a majority in the legislature should be able to do. Such a majority could be hostile to sound government and the rights of the individual. So Mr. Evans hails the Constitutional design of checks and balances, of the separation and subdivision of power so that no single branch of govenment could exercise despotic authority.

Unfortunately, such authority has reared its ugly head time and time again. Mr. Evans notes, for example, how the Federal Communications Commission has especially subjected broadcasters such as Dean Clarence Manion and Rev. Carl McIntire, both spokesmen for the political right, to harsh "balancing" viewpoint requirements – which has had the effect of causing some radio stations to drop the Manion and McIntire broadcasts. Ironically, the requirements were promulgated under the name of the "Fairness Doctrine."

Similarly Mr. Evans takes the Interstate Commerce Commission to task for requiring railroads to

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acquire a certificate of convenience and necessity to build new track or otherwise enlarge services. The Civil Aeronautics Board is likewise criticized for all but wiping out real competition in air transportation.

Thus does Mr. Evans tear into liberal programs and notions, spelling out facts and cases in a gold-mine of a paperback. He concludes:

> There is little likelihood that America can regain its vigor as a free society, cure its economic ills, or correct its political disorders, if it continues to drift in metaphysical confusion. We therefore end as we began, in the awareness that our political troubles arise from the deeper realms of ethics and religion.

▸ THE INCREDIBLE BREAD MACHINE FILM (World Research, Inc., Campus Studies Institute Division, 11722 Sorrento Valley Road, San Diego, California 92121, 1975) 32 minutes, color, 16 mm.

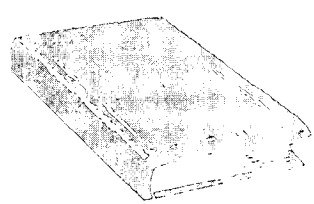
Reviewed by Brian Summers

THE CAMPUS STUDIES INSTITUTE has a bestselling libertarian paperback (100,000 the first year) in *The Incredible Bread Machine.* Now they have made a movie based on the book.

The results are devastating. Here is a documented, fast-paced, all-out assault on statism. Scene: the state seizes an Amish farmer's horses for refusing to pay Social Security taxes. Scene: The state lays siege to the home of a man who, rifle in hand, refuses to yield to eminent domain. Scene: The parking lot where the home once stood. Scene: Narcotics agents break into a home, terrorize the occupants, smash the furniture, and discover they are in the wrong house. Scene: Economist Murray Rothbard speaks of the wonders of government housing while seated before scenes of the government blowing up its own housing projects. And on and on.

The film makes effective use of dialogue. No one preaches to the audience. Instead, young adults rap about freedom, rights, socialism, and the market. The overall effect is to engender an interest in the freedom philosophy.

The film is being distributed by the Campus Studies Institute. For classroom use, study guides are available.



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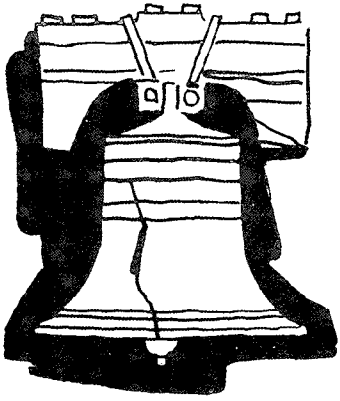

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